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NEWS SUMMARY

GENERAL

Defeated Irish Premier gives up leadership

Mr. Liam Cosgrave, the defeated Irish Prime Minister, surprised the Fine Gael party by announcing his resignation as leader. Dr. Garret FitzGerald, his Foreign Affairs Minister, is widely tipped to succeed him.

The EEC will have its first direct link with the Catholic minority community in Ulster when Mr. John Hume, deputy leader of the Northern Ireland Social Democratic Party, becomes special part-time adviser to Mr. Richard Burke, Ireland's commissioner in Brussels. Page

The Ulster Defence Association, the largest Protestant paramilitary group, claimed that businessmen in Belfast had asked for their premises to be bombed so that they could seek compensation from public funds. A 28-year-old man was found shot in both kneecaps in the Ballymurphy area of Belfast.

Vilas goes out

Guillermo Vilas, the No. 3 seed and recently-crowned French champion, was one of three top-ranking men's players defeated yesterday. Chris Evert, who spent only 33 minutes on court beating Britain's Winnie Wooldridge, will meet Tracey Austin the 14-year-old Californian, in the third round. Sue Barker is through to the last 16. Tennis, Page 2

Settlement drive

General Ariel Sharon, Israel's new Agriculture Minister, is preparing a plan to speed the pace of Jewish settlement on the West Bank. ~~Talks on including~~ the Democratic Movement for Change in the ruling coalition may be renewed after Labour's victory in the Histadrut elections. Page 6

Officials for trial

Mr. Brian Rowland Edwards former chief building officer of Camden Council, London, and four council officials were committed for trial at the Old Bailey from Thames Court, accused of accepting money from a building company in return for building contracts.

Not for Russia

The U.S. Commerce Department, acting on President Carter's instructions, has blocked the sale of the Cyber 76 computer to the Soviet Union on the grounds that it could be converted to military uses.

Wigan's winners

Dominic Wigan's three starred selections won yesterday for the second day running. Trusted (9-2), Cerua (15-8) and Hever (6-1) yielded a profit of £109.50 for a three-way £1 bet. Racing, Page 2

Briefly . . .

President Amin is enjoying a delayed honeymoon, said Uganda Radio, denouncing as "malicious propaganda" reports that he had disappeared. Page 6

Two Iraqi women tourists were together fined £2,350, in London for shoplifting.

Church of England should back the growing demand that Prince Charles be free to marry the woman of his choice, whatever her religion, said the Rev. Peter Cornwell, vicar of the Oxford University church.

Workingmen's club secretary Mr. Leslie Taylor leapt to his death from Newcastle's Tyne Bridge because of malicious, groundless rumours that he had been dishonest, the Newcastle coroner declared.

British motor racing driver Guy Edwards, who helped pull world champion Niki Lauda from his burning Ferrari during last year's German Grand Prix, has been awarded the Queen's Gallantry Medal.

Wild-murderer Jerome Carrein was beheaded at Douai Prison, France.

Royal Commission to see whether criminal procedure should be changed to make it easier for police to bring dangerous criminals to justice has been set up by the Prime Minister. Page 18

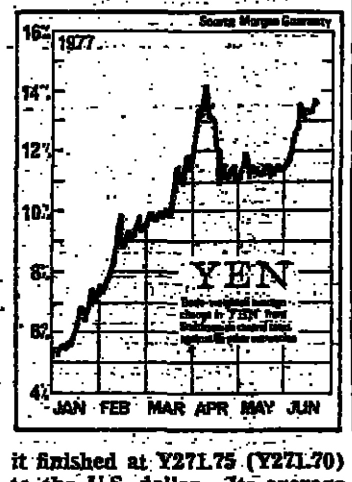
BUSINESS

Equities and gilts falter; gold up

● EQUITIES drifted lower in thin trade, but closed above the day's worst. The FT 30-Share Index, down 3.8 at 11 a.m., finished at 444.9, off 1.8.

● GILTS picked up from early dullness and the market closed with a sound undertone. The FT Government Securities Index edged down 0.03 to 67.95.

● STERLING eased a point to $1.7197½, while its trade-weighted index remained 61.6. Dollar's trade-weighted depreciation narrowed to 1.05 (1.06) per cent. Japanese Yen's strong advance lately was checked and



it finished at Y271.75 (Y271.70) to the U.S. dollar. Its average appreciation slipped to 13.69 (13.75) per cent.

● GOLD rose $1 to $140.375.

● WALL STREET slipped 0.94 to 925.37.

● U.S. MONEY SUPPLY: M1 $320.8bn. ($321.5bn.); M2 $770.9bn. ($771.6bn.); commercial and industrial loans, up $600m. (up $353m.); fed. funds 5.43 (5.37) per cent.; 90-119 day paper 5.40 (5.44) per cent.

● CREDIT SUISSE shareholders dissatisfied with the way in which the Board has handled the Chiasso affair are expected to speak out at an extraordinary general meeting in Zurich to-day. Back Page

Monopoly probe of credit cards

● MONOPOLIES Commission is to investigate credit cards to see whether the big card operators are using their dominance of the market to lay down terms of trading against the public interest. Page 7

● WESTERN industrialised countries plan to revive their proposal to set up a new international framework for energy consultations. Back Page. U.S. Justice Department has begun investigating possible anti-competitive behaviour in the world crude oil market.

● BRITAIN has been digging deep into its strategic stockpile of uranium as a result of the embargo on deliveries of Canadian uranium and delays at a new mine in Namibia. Back Page.

● CAR PRODUCTION surged ahead last month, reaching levels last achieved consistently in 1973. Page 8. Union officials to-day will recommend a return to work formula in the dispute at Ford's Dagenham plant.

● SEVERAL PARTNERS in Deloittes, the leading accounting firm, are being sued for a total of about £8m. by Mr. Richard Langdon, liquidator of London and County Securities, the fringe bank which collapsed in 1973. Back Page

COMPANIES

● ROLLS ROYCE has launched a new bid for Fodens worth £10.9m. Page 25

● RACAL ELECTRONICS lifted pre-tax profit to a record £32.71m. (£19.65m.) in the year to March 31. Page 22 and Lex

● GILLETT Brothers Discount plans a one-for-three rights issue at 155p to raise about £1.06m. Page 22

● ICI and Charter Consolidated will put a further sum of up to £20m. into the struggling Cleveland Potash mine in Yorkshire this year. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 10½pc 1979	£100½	+	¼
Beaverbrook A	56	+	4
British Steam	77	+	3
Dillenkamp (A.)	220	+	10
Gillett Bros.	195	+	10
Gomme Holdings	58	+	5
Hunting Gibson	226	+	6
Hilton (T.)	93	+	4
Lloyds and Scottish	99	+	4
Lookers	41	+	3
Lyon and Overton	162	+	8
Mansfield Brew.	133	+	8
Mothercare	272	+	6
Racal Electronics	380	+	6
Spear (J. W.)	168	+	5
Anglo Am. Inv. Tst.	£26½	+	1½
DeBeers Dfd.	258	+	10

FALLS

Adams and Gibbon	60	−	4
Dolan Packaging	175	−	7
Lee Cooper	95	−	7
P. & O. Dfd.	151	−	5
Trafalgar House	114	−	5
Woodhead (J.)	149	−	6
Saint Piran	53	−	4

POLICEMAN BADLY HURT IN PICKET-LINE VIOLENCE

Minister fails in peace bid with Grunwick chief

BY NICK GARNETT and ALAN PIKE

Talks between the Employment Secretary and Mr. George Ward, managing director of the Grunwick film processing company, left the acrimonious dispute unresolved last night after increasing violence on the picket lines in which a police officer was seriously injured.

Mr. Ward left a 2½-hour meeting with Mr. Albert Booth having stood firm on his refusal to re-employ any of the workers dismissed in the dispute or to enter any kind of mediation until a High Court case is resolved.

Yesterday's developments included:

● PC Trevor Wilson, a member of the Metropolitan Police special patrol group, was taken to hospital with head wounds after being hit by a bottle.

● Mr. Arthur Scargill, the Yorkshire miners' president, was arrested on the picket line and charged with obstruction.

● Union leaders met senior Scotland Yard officers and announced a plan to try to limit pickets to 500 issued with special armbands.

● The Lord Chief Justice brought forward the hearing of the case in which Grunwick is challenging an Advisory, Conciliation and Arbitration Service finding that the company should recognise APEX, the union involved in the dispute, to July 4.

● The total number of arrests since mass picketing began last week rose to 243.

Mr. Ward was accompanied by Mr. John Gorst, the Conservative MP, at the Department of Employment meeting. He refused to enter any kind of mediation until the High Court hearing on a ballot carried out at his factory by the Advisory, Conciliation and Arbitration Service is finished.

He also made it plain that Grunwick will be considering appeals against the High Court hearing if it goes against the company.

During the talks, Mr. Ward asked Mr. Booth to use what influence he had to make sure the law was being observed.

Post boycott

This was a reference to the boycott of Grunwick mail by postal sorters and what the company calls "intimidating" picketing of its premises.

Referring to the dispute, Mr. Gorst said: "De-escalation has to be a law-and-order matter, not an industrial one."

Mr. Booth opened up the possibility of some kind of conciliation before the High Court hearing on matters not concerned with that hearing.

It would concentrate, he suggested, on issues such as the circumstances of the dispute and the way some employees were dismissed.

After the talks, however, Mr. Ward almost totally scotched that idea of conciliation and appears to see the dispute as being resolved in court.

Mr. Booth said he had been considering conciliation even without Mr. Ward's agreement, but questioned whether it would have any results if one of the parties did not acquiesce.

The Employment Secretary hopes to see Mr. Roy Grantham, General Secretary of the Association of Professional, Executive and Clerical Staff, which is fighting the recognition battle, to-day to talk about the possibility of mediation.

Mr. Arthur Scargill was one of 53 people arrested yesterday as the largest number of police and pickets, re-inforced by more than 200 miners, faced each other since mass picketing began at the beginning of last week.

He had earlier spoken to the pickets, warning the authorities that, *if they did not heed the feelings of the Labour movement in this dispute*, another Saltley Gate would be the result.

That dispute resulted in huge picketing and forced the police to close a Birmingham coke yard during the Miners' Strike of 1972.

The atmosphere yesterday was more tense than before, following the arrival of the miners. PC Wilson was injured after the second bus taking workers into Grunwick had left the scene.

Continued on Back Page
Parliament, Page 18

Tories demand action by Silkin

By Philip Rawstorne

THERE WERE Tory protests in the Commons yesterday over the refusal of Mr. Sam Silkin, Attorney-General, to take immediate action against Post Office workers at Cricklewood who have refused to handle Grunwick's mail.

Mr. Silkin, insisting that he had to balance this apparent breach of the law against the wider public interest, said he had formally written to the Post Office chairman asking what steps he proposed to take.

Angrily accused of yielding to blackmail, Mr. Silkin declared: "One doesn't decide that merely because an offence has been committed, prosecution therefore follows automatically."

Premature action could bring the whole country's mail to a standstill.

Mr. George Thomas, the Speaker, later rejected requests from MPs on both sides for emergency debates on the situation.

In noisy exchanges, Mr. James Callaghan accused Mrs. Margaret Thatcher of latching on to the dispute in an attempt to turn it into a political battle.

"There is really no need to try to make this situation worse," he snapped. "We ought to try to keep the temperature down."

The Tory leader's demands for assurances about Government support for the police were "totally unnecessary," Mr. Callaghan declared. Assurances had already been given and the police were in no doubt about their backing.

Amid a barrage of Labour jeers, Mrs. Thatcher retorted: "The scenes shown almost daily outside Grunwick have been, and are, most alarming to the public. We have had no condemnation of violence and intimidation on the picket lines.

"What action are you proposing to take to protect the rights of law-abiding citizens to go to work peacefully?" she demanded to Tory cheers.

The Prime Minister agreed that the issue was serious. He said he had suggested to APEX union officials and the police that official pickets should wear armbands and he appealed to others who wished to demonstrate their support to organise separately.

● More than 100 Conservative backbenchers yesterday signed a Commons motion congratulating the police on their handling of an "extremely difficult situation" at Grunwick and for protecting "citizens who have freely chosen to attend their place of work."

Two children, teenager die in Transvaal clashes

BY QUENTIN PEEL JOHANNESBURG, June 23

TWO CHILDREN and a teenager died and an unknown number of blacks were injured in continuing unrest to-day in Soweto and Johannesburg. The youth was shot dead when police opened fire after their car was surrounded by a crowd of 2,000 and stoned.

The children died after a horse-drawn trailer went out of control in a stone-throwing incident, police reported to-night.

Maj.-Gen. David Kriel, Deputy Commissioner of Police in charge of riot control, confirmed that 146 blacks were arrested after a demonstration in central Johannesburg this morning. An unknown number of marchers were injured when the demonstrators were baton-charged by police.

In Soweto police said the two children were playing in a house in Klipspruit which was seriously damaged when the horse and trailer went out of control. The vehicle and another house were badly damaged.

Heavily armed police patrols were reported to-night to be out in force in the township, where the situation was still "tense, but under control."

Virtually all the schools in the huge township complex were deserted as the pupils took to the streets in demonstrations which apparently took both police and teachers by surprise.

The Johannesburg Star said that almost the entire school population of Soweto, some 180,000, was involved.

Between 400 and 500 managed to slip through police roadblocks on buses and trains to gather in the city centre and march on the police headquarters in John Vorster Square. They carried placards protesting at detention of leaders of the Soweto Students' Representative Council, sang freedom songs, and gave Black Power and peace salutes.

They marched on police headquarters, where they formed into long lines, with girls kneeling at the front, and sang "We want our land back."

They carried placards reading "Vorster release our leaders," "Thou shalt not kill students," and "Bantu education is for the education of slavery."

The demonstrators were forced back to the street by police armed with batons, and then chased in groups as they broke up. One group smashed and fled through a café window in their efforts to escape.

Brigadier Jan Visser, police commissioner in Soweto, said this afternoon that his men had been forced to open fire for the first time when a riot control unit had been surrounded in its car in the White City area.

Some 2,000 people, mainly youths, were involved, and began stoning the car. Two policemen fired four rounds of birdshot, and one of the students injured died on admission to hospital.

The successful demonstration in Johannesburg is a notable victory for the students, bringing their grievances much closer home to the city's white population, which can normally afford to ignore problems in Soweto, several miles away.

N. Sea oil find by Shell/Esso

BY RAY DAFTER, ENERGY CORRESPONDENT

SHELL AND ESSO have made an important new oil find which is likely to put a new emphasis on North Sea exploration.

The discovery, named the Fulmar Field, is 170 miles east of Dundee. It is believed to be a medium-sized field with recoverable reserves in the 250m. to 500m.-barrel range.

Shell Expro, as operator for the Shell/Esso partnership, said the field was "potentially commercial" with recoverable reserves significantly larger than the neighbouring Auk Field.

The Auk Field, on block 30/16 is one of the smallest commercial finds in the North Sea, with about 50m. barrels of recoverable reserves. Last month Auk was yielding oil at the rate of 70,000 barrels a day.

A 30-strong project team is already evaluating production methods for Fulmar, which has been producing oil at the rate of 4,000 barrels a day in tests. Shell said yesterday that the field was expected to come on stream in about 1981.

It could build up to a production rate of 150,000 barrels a day. This would put it on a par with Shell/Esso's Dunlin Field which has over 585m. barrels of recoverable reserves.

If Fulmar is declared a commercial prospect it is likely that a steel platform will be ordered. The oil could either be produced through a new pipeline, possibly shared with other operators, or through an offshore loading system incorporating storage tanks.

Fulmar is the sixth Shell/Esso oil discovery to be announced in the past six years. The companies, which are spending £800m. on North Sea exploration and development this year, are already evaluating development plans for their North Cormorant and Tern finds. It is possible that one or both of these projects might be overtaken by the promising Fulmar discovery.

The new find has a wider significance, however. It is the first in this central area of the North Sea to be located in the Jurassic geological zone. The Auk and nearby Argyll fields were found in much older Zechstein rock.

Shell will be looking more closely at Jurassic prospects in this area in the future and it is likely that other companies will follow suit.

Up to now the wells drilled in the area have led oil operators to be pessimistic about finding a sizeable oil field in Jurassic rock although many of the more northerly fields—including those in the Brent formation—have been discovered in this type of rock.

North Sea oil review Page 9
Pollution "over-rated" Page 7

Russia warns of Belgrade talks collapse

BY MALCOLM RUTHERFORD

THE Soviet Union warned yesterday that the Belgrade meeting to review the implementation of the 1975 Helsinki Agreement could break down if the Western nations do not accept the proposed Soviet agenda.

The chief Soviet delegate to the preparatory meeting in Belgrade, Mr. Yuli Vorontsov, said that continued Western stubbornness about the agenda "will lead to a dead end and the breakdown of our mission."

Western diplomats commented afterwards that it was the toughest Soviet statement since the meeting opened ten days ago. There is no sign, however, that the Western countries are ready to change their line and the general view is that the meeting is entering a difficult period in which it will be seen whether or not the Russians are bluffing.

Three parts

The dispute concerns the agenda for the full-scale review meeting on the Helsinki Agreement which is due to open around the beginning of October.

The nine European Community countries and the U.S. tabled a draft last week that broke the agenda into three parts: a review of the implementation of the Helsinki Agreement; a general discussion on the development of detente; and preparation for the holding of further meetings.

The section on implementation, if accepted, would compel the Russians to enter into discussions on human rights—the subject they most want to avoid.

The Russians countered with an alternative draft of a single item agenda which quotes the language of the final part of the Helsinki document.

This calls for "a thorough exchange of views both on the implementation of the provisions of the Agreement" as well as on the deepening of mutual relations, the improvement of security and the development of co-operation in Europe, and the development of the process of detente in the future."

From the Soviet point of view, this draft has the advantage of not including implementation—and therefore the human rights question—as a specific item on the agenda with special time reserved for it.

This approach remains totally unacceptable to the nine Common Market countries and the U.S. and also to the non-aligned countries who, in an alternative draft of their own, stress the need for a separate human rights discussion.

The Soviet statement yesterday was not unexpected. Western diplomats have believed all along that the Russians would resist the inclusion of human rights as a specific item, but they are far from sure to what lengths the resistance will be carried. It is admitted that there is an outside possibility that the meeting will break down, but not yet.

Human rights Page 4

Trafalgar House may bid for Beaverbrook

BY MAX WILKINSON

TRAFALGAR HOUSE, the property and shipping group built up by Mr Nigel Broackes, is the fourth possible bidder for Beaverbrook Newspapers, the Board was told yesterday.

However, firm proposals have not yet been made for a takeover or for the cash injection of up to £10m. which Beaverbrook needs to secure its future.

The three other possible bidders are Associated Newspapers, News International and Cavenham, but talks with these companies are still far short of firm proposals likely to be acceptable to the Beaverbrook Board.

One fundamental difficulty is that any buyer would probably demand substantial redundancies among printing staff. This would be strongly resisted by the unions.

Yesterday, Trafalgar House would neither confirm nor deny that it had plans concerning Beaverbrook, and the latter made no official statement.

However, the Beaverbrook directors were told at their regular Thursday meeting that Trafalgar House was making "serious" inquiries which could lead to a takeover.

News International is now to put forward its own detailed proposals to Beaverbrook. The group said yesterday that its proposals basically centred on "management help".

£ in New York

	June 23	Previous
Spot	$1.7195-7195	$1.7195-7200
1 month	0.50-0.47 dis	0.51-0.47 dis
3 months	1.72-1.75 dis	1.78-1.73 dis
12 months	6.85-6.75 dis	6.75-6.65 dis

FEATURES

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LOMBARD

Consumers should benefit

BY ARTHUR SANDLES

TWO GOVERNMENTAL philosophies collided in the year long renegotiations of the Bermuda airline agreement between Britain and the U.S. Britain was convinced that supply should be tailored to demand: the U.S. that free market forces should operate and that the best men would win. The fact that under the old Bermuda rules it was the Americans who were coming out best was what alarmed Whitehall and British Airways.

It would take a pretty chauvinistic attitude from any Briton to maintain anything but that the Americans have largely won the day. American airline rights to pick up passengers in London and Hong Kong for transportation to other prime revenue parts of the non-U.S. globe have been preserved. British attempts to introduce a near pool system on the Atlantic, under which the airlines agree on how much capacity should be offered and by whom, has been watered down into a vaguely worded declaration of intent. British gains have been additional traffic rights into a variety of American cities and the introduction of Laker flights to New York—both of them extensions of competition and the latter very much in the teeth of British Airways opposition.

It is piquant that one of the potential main gainers from the debate which started with a British campaign to reduce competition is Freddie Laker, a permanent free enterprise thorn in Governmental flesh.

Pious hope

The sad thing about the negotiations is that throughout the year in which they have taken place very little has been said about the consumer. There was much talk about the problems for the airlines, the offence to differing economic philosophies and the rights and wrongs of who flies where. What was not discussed apparently was whether at the end of the day the passenger would find it easier or harder to get a seat on the airline of their choice; whether the service on that airline would improve or degenerate; or whether the present fare tangle can be simplified. Passing reference has been made to the pious hope that fares may fall a little, or at least not rise as fast as they would have done. Otherwise, not a murmur.

Sadly enough it may be to the consumer good that the British view has failed to carry as much weight in the Bermuda talks as had been hoped. The only real evidence for that is a comparison, from the angle of the traveller, of those routes in the world where competition is regulated, with those where it is not. At the extremes the worst service one is likely to meet is on the internal airlines of Eastern Europe, while the best is on the internal airlines of the U.S. European routes, which are neatly sewn up by the airlines of the nations concerned, are presumably up to the load factor which some would like to see on the Atlantic. Anyone who has tried to get decafeinated coffee, a glass of water with which to swallow an aspirin or a paper handkerchief to mop a fevered brow on the Paris-London, Brussels-London routes will know the implications.

It would be naive in the extreme to assume that the U.S. is the champion of a free market in all its negotiations. The Americans are not noticeably eager to have Japanese television sets Hong Kong textiles or British Concordes no matter how eager the local population may be to buy them. America uses its economic and political muscle to achieve what it sees as best for its own.

Ground rules

In the case of the Bermuda agreements the muscle exerted was considerable, simply because the British took on the U.S. in a field which is close to the heart of many American lobbyists. To attack the U.S. in the field of aviation is one thing, but at the same time to suggest that the anti-trust laws should be bent, and bent in such a way as to work against the interests of American companies was, if not foolish, incautious.

Britain has, of course, managed to make adjustments to the principles of the old Bermuda agreement and has therefore set down the ground rules upon which similar arrangements may be reached between other nations. However, it was quite clear at the end of the day that the Americans were willing to see North Atlantic services to the U.K. suspended, and were doing this in the knowledge that it was Britain which would be the net loser. Once this became clear the British grabbed what they could and signed. It may not be the best deal in the long-term interests of British Airways profitability. But it has given Freddie Laker an entree to New York and preserved competition on the route. Perhaps in terms of travelling comfort and service it is not such a bad deal after all.

WIMBLEDON BY JOHN BARRETT

Vilas crashes to defeat despite late rally

Sue Barker in action yesterday.

WIMBLEDON CONTINUED to deal cruelly with its stars yesterday. This time it was Guillermo Vilas, the number three seed and recently-crowned French champion, who crashed to a third-round defeat 6—2, 6—4, 6—2 against the 20-year-old American Billy Martin, who won junior Wimbledon in 1973 and 1974.

Vilas was never in the match, and afterwards he complained about the scheduling. Though he did not get off court until 9 o'clock on Wednesday evening, after putting out the South African, John Yuill, Vilas was asked to open the proceedings on court three yesterday afternoon.

"After a late match, it is difficult to get going the next day," he said.

The first two sets had gone against Vilas, and he was 3—0 down in the third, having twice lost service, before he seemed to awake to the imminence of defeat.

The 24-year-old Argentinian then broke Martin's service to get back into the match, and at 2—3 the American's total domination seemed threatened.

But he responded magnificently.

"Vilas looked a little tired and I knew all I had to do was keep holding my service," said Martin. "He was making bad returns on my service, even the second serves, but it was hard for me to keep up the pressure on such a big player and make sure he did not get away."

Martin held serve safely enough for a 4—2 lead and then played some of his best tennis to break Vilas yet again.

Pressure

He reached match point with an unstoppable smash. When his next shot fell just inside the court for a winner, the young American threw his racket high into the air in jubilation.

In the Women's Singles, three of the "big four" advanced smoothly. Chris Evert spent only 33 minutes on court, defeating Britain's Winnie Wooldridge 6—love 6—2. Afterwards she revealed one of the problems of being so good: "I play better when I'm pushed, and I haven't been pressured yet."

The Wimbledon and Forest Hills champion's next opponent in the third round will be the 14-year-old Californian girl, Tracey Austin.

Both Martina Navratilova and Sue Barker are into the last 16. Miss Barker had a pleasantly undemanding workout against her friend and doubles partner, Ann Kiyomura, of the U.S., winning 6—2, 6—1 in 41 minutes.

Miss Barker was not firing on all cylinders until well into the second set, but she was far too powerful for her Japanese-American opponent.

Miss Kiyomura was able to cling on to her own service only in the first game of each set in the face of some heavily-struck returns. Once Miss Barker began to hit her big forehands into the corners, tiny Miss Kiyomura subsided rapidly.

Miss Barker's next opponent will be another American, Lea Antonoplis.

The second seeded Miss Navratilova was in even brisker mood, needing only 38 minutes to dispose of the 24-year-old Worchester Lesley Charles.

Too powerful

The stateless Czech left-hander was altogether too powerful at the net for the British girl, who lost the last four games, the final one to love.

Cheshire's Belinda Thompson failed to survive her second round match with the tall German Katja Ebbinghaus, capturing only two games, and Mima Jausovec, the Yugoslav who won the French title earlier this month, defeated Australia's Wendy Turnbull 6—4, 6—3.

Britain's Buster Mottram battled for three hours and 20 minutes on centre court before losing a tense five-setter to Poland's Wojtek Fibak 3—6, 9—8, 6—3, 3—6, 6—2.

Teachers 'frightened of racist accusation'

TEACHERS feel that black parents thought there ought to be more discipline in schools, says an American professor, who has made a survey of some London schools with a high percentage of West Indians.

But Professor Raymond Giles, who was born and brought up in an all-black ghetto in New York City, says that white teachers who reprimanded West Indian children have been accused of being racist. This has frightened them and made them more sensitive.

Professor Giles, chairman of the Department of Afro-American Studies, in Massachusetts, and a professor of education and child study, makes the point in a book published yesterday.

He says one head believed that black parents who think there ought to be more discipline in schools is perhaps the biggest point of contention between West Indian parents and English teachers.

The head thought West Indian parents and teachers were much less tolerant of bad behaviour and more upset by it than English parents and teachers.

GOLF BY ROGER P

Faldo leaves rest trailin on familiar ground

NICK FALDO, home in Hertfordshire, was reducing one of the strongest fields of the year, in the Uniroyal £30,000 international championship, to tatters at Moor Park yesterday.

With seven holes to go he was nine under par, four shots ahead of Australian Greg Norman, who had completed his 36 holes. He was also four shots ahead of playing-partner Ken Brown, a year older than Faldo, at the advanced age of 20.

Both were brought up in Hertfordshire golf, know Moor Park well and are on the verge of making the Ryder team.

Faldo, former English amateur champion, began brilliantly with a birdie at the first and birdied the 4th also to leave the rest of the field trailing. A further birdie followed at the 5th, and although he dropped a shot at the difficult 8th, he made up for it by birdieing the long 9th.

Norman has the quietly confident air of a man who knows where he is going. It is the air of a man who has won over £20,000 in the first eight months of his professional career, including tournaments in Australia, Japan and Scotland, where he won the recent Martini event at Blairgowrie.

At 6 ft. 1 in. he is ideally built for a golfer, constructed on powerful lines. He wanted to hit a drive and one iron at the 508-yard-long 16th, a hole which plays its length because most of it is uphill, and a hole where most of the rest of the field were using two woods.

Norman was prevailed upon to try to cut up a three-wood instead of the iron shot, and it faded wide of the green. He rescued his birdie, however, with a delicate chip to 12 inches.

That was the last of his birdies; the others having come at the long 13th, where he was up with a drive and two iron, and at the 11th, where he hit a seven-iron second to 10 feet.

Norman was impressed with the condition of the course, less so with the position of the pins. "They all seem to be on the top of mounds," he said, "and it's very difficult to get long putts close when the ball falls away all the time."

One of his playing partners was Severiano Ballesteros, playing despite a doctor's warning that to continue golf at the moment with the type of back injury he has could lead to his having to abandon the sport altogether. The Spaniard has stretched the vertebrae at the base of his spine and is able to hit shots only because of daily pain-killing injections.

Ballesteros played his usual brand of golf nevertheless, and for the growing band of Seve-watchers there was one atypical moment. He hit his drive almost out of bounds at the 17th, and hit his recovery shot so hard that it finished on the upslope of the 18th tee. Faced with an impossible chip, Ballesteros chipped it smartly to 2 feet and holed for his par.

Greg Norman was full of admiration for the Spaniard's game. "Just occasionally you could see that he turned away from a shot because it was going to hurt his back," said ... "but his short game is ... lous."

Despite his injury Ba... has put together two ... rounds of 70, to be a ... four under par.

There was a host ... players in the clubhouse ... a shot or two of Norman ... them the overnight ... Graham Marsh. He had p... that it would be difficult ... golf on what is for hi... lag day." So it proved, ... Marsh claimed that he ... enough.

He three-putted thre... and took a double-bogie ... the difficult eighth hole ... a good drive he left a th... short and left and found ... lie.

He said: "If I had bee... right mind I'd have set... a five and played away f... flag. But I had a go and b... an eight-iron chip and r..."

Marsh is far from out ... 142. For company he h... year's winner, Tommy Ho... well as Bernard Gallach... Peter Dawson.

One shot better is the S... Manuel Pinero, who is ... panied by the best club... sional in the land, Brian ... of Notts.

The old and the new are ... sented on 140. Peter Bu... tournament irregular the... had four birdies in the fir... in his 68, while Mark Ja... only his second season as ... fessional, played steadily ... scores of 71, 69.

RACING BY DOMINIC WIGA

Scarcely Blessed should win

NEWCASTLE, WHICH yesterday staged the valuable Dobson Peacock Handicap, has another highly competitive event to-day in the five furlongs Gosforth Park Cup.

This race, which a year ago produced a fine finish between Lazenby and Clear Melody, has again attracted some notable sprinters including Sonnenblick, Vilgera and Scarcely Blessed.

The likely winner is the Blewbury-trained Scarcely Blessed, Fulke Johnson Houghton's highly attractive So Blessed filly, who has run well on both her appearances this term.

A two-length third of 11 behind Brave Prince in a handicap at Chester in May when clearly in need of the outing, Scarcely Blessed did even better at Royal Ascot last week, threatening to cause an upset in the Cork and Orrery Stakes before tiring close to home.

Over to-day's minimum distance, her optimum trip, Scarcely Blessed, a daughter of the July Cup winner, Parsimony, appeals as a fine proposition. I take her to regain winning form with a victory over that tough colt, Palmvinia, who seems set to reverse recent Beverley placings with the penalised Sonnenblick.

LINGFIELD
3.00—Piercing Note
3.30—Marie Mancini
4.00—Catline
4.30—Rough Love
5.00—Therapeon
5.30—Lovely Libra

DONCASTER
2.45—Lucky Shamrock
4.15—Nice Value
5.15—Yonder He Goes

NEWCASTLE
2.45—Happy Donna**
3.15—Scarcely Blessed***
4.45—True Diver*

Whatever his fate in the big race with Palmvinia, the North's top jockey, Edward Hide, seems set to add to his already remarkable record here.

Two likely winners for Hide, successful on 43 occasions here since the start of the 1972 campaign, are the Michael ...

Happy Donna, a neck sec... 26 to La Rosee at Sando... her debut before outd... some poor opponents at ... earlier, needs only moderat... progress to win the opene... Fawdon Fillies Stakes.

True Diver appears to ... only Chichester Bird be... himself and a victory in t... Oswald Stakes.

In addition to Newc... evening card, there are also ... fixtures in Doncaster and ... field. The best bet from thes... cards could well be Jo... Tree's lightly raced ... Mancini, the mount of I... Piggott, in the Surrey co... Grandfield Stakes.

The well-bred three-year... bay filly by Roi Soleil o... Widber, a good winne... France, showed a fair amou... promise when running th... Newbury's one-and-a-quarter... Sandleford Priory Stakes ... time out.

She will be ideally suited ... day's additional two furlon...

SALEROOM BY ANTONY THORNCROF

'Chymist' brings £13,000

THE AUCTION of works from the library of John Evelyn, the 17th century diarist, brought in £113,965 on its second day at Christie's yesterday for a total of £252,811.

Since the sales cover only the books with titles beginning with the letters A to C, the Trustees authorising the dispersal are ensured of an appreciable sum.

The Guildford dealer Traylen paid the top price yesterday of £13,000 for a first edition of Robert Boyle's "The Sceptical Chymist," printed in 1661, and a presentation copy from the author. A presentation copy of Boyle's "New Experiments" went to Hammond for £7,000, and Boyle's "Experiments" sold to Drury, a Colchester dealer, for £5,500.

Yet another work by Boyle, "New Experiments and Observations touching Cold," was bought by Quaritch for £4,500, and a very rare copy of Calvin's "Institution de la Religion Chrestienne" was acquired by Quaritch for £5,200. Hammond paid £4,000 for a first illustrated edition of Camden's "Britannia."

In the Christie's furniture and carpets auction, which totalled £117,050, a Regency mahogany library breakfront bookcase sold for £4,000, and a set of eight George II mahogany dining chairs for £3,200. An Isfahan carpet fetched £4,600 and Vigo gave £4,200 for an antique Bessarabian carpet.

The main sale at Sotheby's realised £127,631 from prints, with Old Master works contributing £82,665 and 19th-century and Modern prints £44,775. Among the Old Masters, Kohn paid £2,400 for a Rembrandt "Jews in the Synagogue," while a "Landscape with a Church" by Van der Velde sold for £1,600.

Das Kranke Madchen by Edvard Munch, a lithograph of 1897, was bought for £9,000, just below forecast, and "L'homme au chien" by Picasso for £... Another Picasso "La toilette ... a 'mère'" brought £1,300.

In minor sales Sotheby's silver for £36,807, with a hi... price of £1,350 from Bloom... for a five-piece tea and ... set by Garrard, 1895, plus ... extinguisher and, at Belgr... English Ceramics bro... £60,407. Tudor House ... £1,200 for a pair of pai... plaques, marked Dixon, a... pair of Derby Crown porce... vases and covers sold for £1...

Phillips disposed of ... nouveau and deco for £2... with Baker paying £2,200 f... bronze and ivory group ... clown and a girl by Chip... and Brindley £1,500 for a C... cameo vase in green overlai... brown. At Bonhams a se... seven 19th-century Chippen... chairs went for £1,050 in a f... ture auction making £19,102.

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40 a.m. Open University (UHF only). 10.45 You and Me. 11.05 For Schools, Colleges. 1.05 p.m. Pobol y Cwm. 1.30 Playboard. 1.45 News. 1.55 Wimbledon. 4.18 Regional News (except London). 4.20 Play School (as BBC 2 11.00 a.m.). 4.45 Screen Test. 5.10 Stories Round the World. 5.35 Ludwig.

5.40 News.
5.55 Nationwide (London and South-East only).
6.15 Wimbledon Tennis.
7.05 The Wonderful World of Disney.
7.50 The Water Margin.
8.30 No Appointment Necessary.
9.00 News.
9.25 Harry O.
10.15 To-night (London and South-East only).
10.45 Regional News.
10.46 World Amateur Modern Ballroom Dancing Championship.
11.30 The Friday Film: "Divorce American Style," starring Dick Van Dyke.

All Regions as BBC 1 except at the following times:—

Wales—10.00-12.00 The Silver Jubilee: National Service of Thanksgiving in Llandaff Cathedral. 1.30-1.45 p.m. Tredw... 5.55-6.15 Wales To-day. 7.00 Heddiw. 7.20 Swn Y Ser. 7.45-8.30 The Wonderful World of Disney. 10.15-11.15 Highlights of The Queen's visit to Llandaff Cathedral and The Bute Theatre, including 10.45 Regional News. 11.15-12.00 The World Amateur Modern Ballroom Dancing Championship. 12.00 News and Weather for Wales.

Scotland—12.40-1.05 p.m. Bonn Comhraidh. 5.55-6.15 Reporting Scotland. 7.00 The Tom and Jerry Show. 7.05 The Food Programme. 7.30 Sportscene Special. 8.30-9.00 Current Account. 10.15 The Pleasure Is Mine. 10.45-10.46 News for Scotland.

Northern Ireland—4.18-4.20 p.m. Northern Ireland News. 5.55-6.15 Scene Around Six. 10.15 Hedli Macneice. 10.45-10.46 News for Northern Ireland.

England—5.55-6.15 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) Newscue; Midlands (Birmingham) Top Gear; North (Leeds) In Conversation; North-East (Newcastle) Friday North; North-West (Manchester) The Lost Kingdom; South (Southampton) All The Queen's Ships; South-West (Plymouth) Peninsula; West (Bristol) The History Makers.

BBC 2

6.40 a.m. Open University.
11.00 Play School.
2.02 p.m. For Schools, Colleges.
2.00 Wimbledon Tennis.
7.20 News on 2.
7.40 Westminster Report.
8.05 Gardeners' World.
8.35 The Money Programme: The Grunwick Strike.
9.00 Call My Bluff.
9.30 Wimbledon highlights.
10.30 Murder Most English.
11.10 Late News on 2.
11.20 Closedown: Anthony Quayle reads "Remembering Carrownisky" by C. Day Lewis.

BBC 2 Wales only—10.45-11.50 a.m. As BBC 1 (England). 11.50-12.15 p.m. Play School (As BBC 2 11.00 a.m.).

LONDON

9.30 a.m. Schools Programmes. 12.00 A Handful of Songs. 12.10 p.m. Stepping Stones. 12.30 Golf: Uniroyal International Championship. 1.00 News. 1.20 To-day's Post. 1.30 About Britain. 2.00 Golf. 3.45 The Cedar Tree. 4.15 The Georgian House. 4.45 The Gene Machine. 5.15 University Challenge.

5.45 News.
6.00 To-day—London Looks Forward.
6.35 Crossroads.
7.00 Beryl's Lot.
7.30 The Many Wives of Patrick.
8.00 General Hospital.
9.00 Police Woman.
10.00 News.
10.30 Police 5.
10.40 The Arnhem Report with Dirk Bogarde, James Caan, Michael Caine and Sean Connery.
11.50 Golf highlights.
12.15 a.m. Close: Leslie Blair reads poems by Flora Larsson.

All IBA Regions as London except at the following times:—

ANGLIA [illegible]

ATV MIDLANDS [illegible]

BORDER [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV

10.35 a.m. Silver Jubilee Special. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 4.15 The Adventures of Black Beauty. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Report West. 6.15 [illegible]

SCOTTISH [illegible]

SOUTHERN [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

WESTWARD [illegible]

YORKSHIRE [illegible]

RADIO 1 247m [illegible]

RADIO 2 1,500m and VHF [illegible]

RADIO 4 434m, 330m, 285m and VHF [illegible]

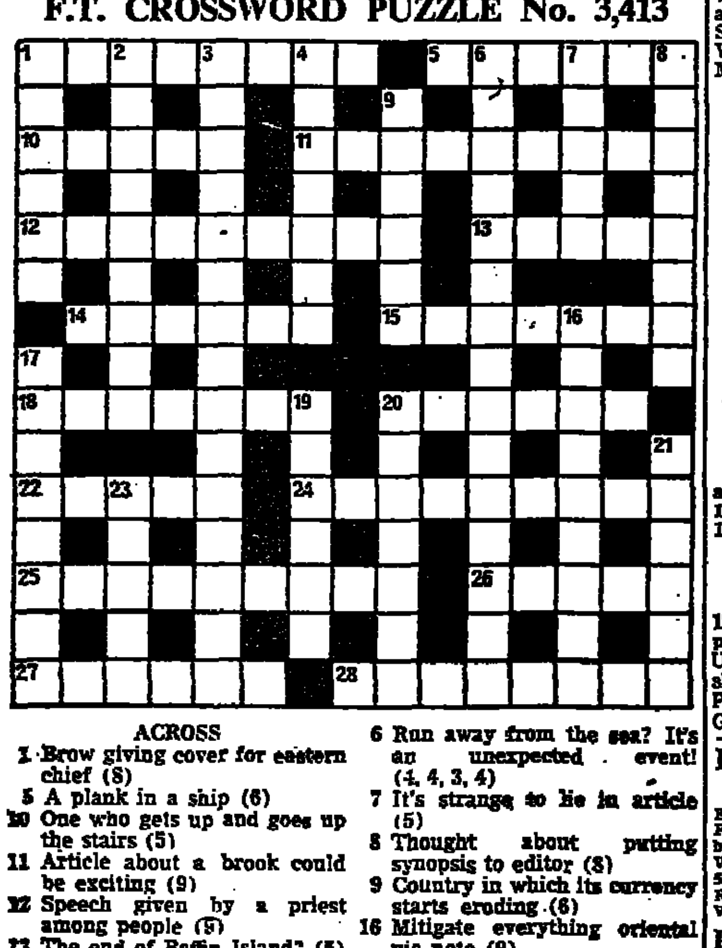
RADIO 3 464m, Stereo & VHF [illegible]

BBC Radio London 206m and 94.9 VHF [illegible]

London Broadcasting 261m and 97.3 VHF [illegible]

Capital Radio 194m and 95.8 VHF [illegible]

F.T. CROSSWORD PUZZLE No. 3,413



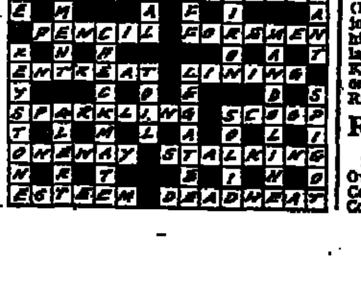
ACROSS

1 Brow giving cover for eastern chief (8)
5 A plank in a ship (6)
10 One who gets up and goes up the stairs (5)
11 Article about a brook could be exciting (9)
12 Speech given by a priest among people (9)
13 The end of Baffin Island? (5)
14 Dossier about religious chap appearing in a swindle (6)
16 Ring Tom in the evening or just call up in the mind ... (7)
18 ... and derisive cry when Tom goes to telephone (3-4)
20 Spirit like steel we hear (6)
22 Disturb the top class (5)
24 Stratagem needed by chap going to work in France (9)
25 Defaming copper put back in traffic (9)
26 Rent meadows to English (5)
27 Soft quarters? Rot! (6)
28 Plants signal to proceed on eastern railway (8)

DOWN

1 Tree in Greek capital is shooting (6)
2 Reserve has to exercise during break (9)
3 ... with tight control must ... beyed (4, 3, 4, 4)
4 ... to travel—on horse-...
6 Run away from the sea? It's an unexpected event! (4, 4, 3, 4)
7 It's strange to lie in article (5)
8 Thought about putting synopsis to editor (8)
9 Country in which its currency starts eroding (6)
15 Mitigate everything oriental via note (9)
17 Familiarise airman with tax (8)
19 Proceed with difficulty and I had to follow that's clear (6)
20 One in a trough could be a controller (7)
21 Technical soldiers take a day without a cure (6)
23 Stop where goods are displayed (5)

Solution to Puzzle No. 3,412



Olivier

The Madras House

by B. A. YOUNG

Granville Barker's wonderful Christmas pudding of a play is crammed with ideas packed in with apparently reckless disregard of their probable concord. The overall theme is no more than what is known as "the battle of the sexes," the proper relationship of men with women and vice versa; but in pursuit of it Barker touches on the duties of children to parents, the "living-in" system in shops, the rights of unmarried mothers, the function of women's fashions, the absurdity of surban small-talk, the education of children, and other things besides.

The result is a sprawling, extravagant, hugely enjoyable play calling for all the resources of a company as rich as the National. In the first act, played on a lavish set designed by Hayden Griffin representing the big L-shaped drawing-room of Henry Huxtable's Denmark Hill home, we learn that the Madras House, a big dressmaking concern, is to be sold to an American exploiter, Eustace Perrin State; but in the course of such discussions as take place between the ageing Huxtable and his partners Philip Madras and Major Hippisly Thomas we learn more about the life of the six unmarried Huxtable daughters and the tragedy of Philip's mother Amelia, long deserted by Constantine, her husband, than we do about the business.

The second act shows us young Philip in action, resolving a scandal among his staff — Miss Yates (a magnetic performance by Dinah Stabb) is "in trouble" and there has been a false accusation of paternity. The various trails converge in the third act, where discussions about the sale are made over a parade of new dresses, and where, a deus ex machina, Philip's errant father appears for the first time to put forward his predatory notions about women, in pursuit of which he has gone to live in Arabia and become a Mohammedan.

And in a final act, affairs are concluded, if not exactly solved, and this big play ends in an intimate talk between Philip and his wife Jessica covering a variety of matters not necessarily even suggested in what has gone before, as if a great piano concerto were to end with an extemporisation by the soloist.

Barker is not a great reformer like Shaw — Philip proposes to do his share in putting the world to rights by resigning his directorship and standing for the County Council — but he writes beautifully provocative and entertaining dialogue, and he creates the most totally actable characters.

Even such stage-dressing as the Huxtable girls are designed with built-in personalities, and under William Gaskill's minutely detailed direction they emerge as real individuals. The major characters, apart from the flamboyant Constantine, show the same cunning construction; they are basically representative members of their kind but so deeply explored through their conversation as to stand as archetypes. Paul Rogers as Huxtable, with his pathetic sniff, is the pattern of modest suburban shopkeeper risen above his natural station in life (and it is fascinating to see how Barker and Mr. Gaskill have suggested his origins in little Mr. Belhaven, the office-boy at the Madras House). Philip and his wife Jessica are given sterling individuality by Ronald Pickup and Helen Ryan, though they are really quite ordinary folk.

Paul Scofield's Constantine is another matter, a deliberately flamboyant eccentric on whom Mr. Scofield has poured all his most precious essences of comedy. He has given him a dark velvet voice with a hint of foreign vowels ("my grandfather was a Smyrna Jew") and dressed him in green velvet and a polychrome waistcoat.

He touches muted chords of pathos at his meeting with Amelia in the last act, a sad figure in whom Jane Hylton truly suggests that she has lived through 30 years of desertion in the hope of reconciliation.

There are telling performances by Joss Ackland as the American, State—whom Barker unfashionably provides with a suggestion of wide-reading and culture — and by Oliver Cotton as Philip's accountant, Major Thomas, a smooth, flirtatious figure with black patent leather hair. Michael Medwin's dress-designer is a seminal example of high camp. One would like to run through the whole cast-list, for there are indeed no bad performances.

The four sets, in the design of which Hayden Griffin was assisted by Peter Hartwell, are evocative as well as intrinsically interesting and full of observation. The evening sets the standard by which one would hope to judge all the work of a National Theatre.

Paul Scofield Leonard Burt

Coliseum

Romeo and Juliet

Mercutio struck me as being the best thought-out role when I first saw the Festival/Nureyev *Romeo and Juliet*, and Nicholas Johnson, its interpreter, the best served dancer of the piece. This view I found confirmed on Wednesday when Patrice Bart, étoile of the Paris Opéra, appeared as Mercutio. It is still a good part, and M. Bart produced the best dancing of the evening. A second look at the ballet itself—which has mercifully been shortened to three hours by a cutting down on intervals—makes its virtues and faults seem even more apparent.

Good production ideas abound: the stunning opening with the death-cart; a cinematic fluency in scene changes; the development of the street brawls; these are all well done. Nureyev as producer is often able to give vivid life to an incident; and then, as choreographer, he kills it stone dead with an acreage of fidgeting and unconvincing choreography, or gratuitous additions to the development of the story. Narrative is washed away on a flood of steps rather than being borne along on them.

A fact of the evening seems to me that Nureyev knows that the audience has come to see him on stage. Whether he dances, or rides a unicycle and declaims *Excelsior*, his public is satisfied because they have been in contact with The Star. Hence the suitability of any steps that show off The Star; hence, too, the fact that the steps can be unrelated to character or situation, provided The Star performs them. And hence the absence of lyric dramatic tension in the *pas de deux*, and the lack of any persuasive relationship between Nureyev's Romeo and Juliet. Nureyev's Romeo is rarely ardent; Patricia Ruanne's sophisticated manner, and her unyielding upper torso, do not convince me of Juliet's passionate innocence.

And because everybody may be supposed to know the story of *Romeo and Juliet*, the choreography can coast along on that knowledge. It avoids depths of character and feeling, and by providing easily recognised points of reference—the ball, the balcony scene, the tomb—appears to have told the tale in dance. Indeed, Nureyev has presented many incidents in prosaic style and with laborious care; and poetry, passion have no room to expand. He has built a careful frame in which to put a portrait of two young lovers, and then failed to sketch in more than an outline of their presence.

The complication of this affair with such oddities as the Nurse being industriously rumpled by some light o'love, and Juliet receiving what I hope is artificial respiration from a gentleman in a death's head mask and a black cloak and *cache-sexe*, is symptomatic of the uneasy manner of the whole production. And if the central pair seem thinly conceived, it is odder still to record that I find the subsidiary characters even more papery: Rosaline, Paris, the Capulets, the Nurse are elegantly dressed cyphers. Perhaps the ballet should be re-titled *Much Ado about Nothing*.

CLEMENT CRISP

Cinema

A bit too much by NIGEL ANDREWS

A Bridge Too Far (A) Leicester Square Theatre
Hot Winds (A) Phoenix East Finchley
The Streetwalker (X) Filmcenta, Cinecenta
Film from the Clyde Other Cinema
M. Hulot's Holiday (U) Odeon Kensington

Having resurrected for the screen most of the Allied triumphs of the Second World War, the cinema has now transferred its attention to the disasters. *A Bridge Too Far* is the story of the Battle of Arnhem: that sprawling, costly, military calamity that crowned an ill-fated Allied bid to end the war early by sending in parachute troops to capture and hold the Rhine bridges in South-East Holland; of which Arnhem was the furthest, the most ambitious, and the one whose name has since lived longest in historical infamy. "Operation Market Garden" was the plan's code-name; it was conceived by Montgomery and sanctioned by Eisenhower, and it took place during nine days in September, 1944.

It took place a second time during three months of 1976, masterminded by Sir Richard Attenborough and sanctioned by Joseph E. Levine. A longer, more expensive operation this than the original, but one that for well-intentioned wrong-headedness just about matches its predecessor step for step. Every poster and every publicity hand-out has blared out at us the film's multi-million dollar credentials—an all-star cast, the largest initial budget ever accorded a feature film ($25m.)—but although it reeks of over-spending, Mammonism alone is not enough to account for the film's failure. The two things that turn *A Bridge Too Far* into such a gargantuan misfire are first the mismanagement of its historical exposition—what the tactical significance of the bridges as a whole were, and of Arnhem in particular, the film never fully explains—and secondly its spineless avoidance of any attempt to determine who was to blame for the abortive outcome.

Was it master-planner Montgomery (unseen in the film)? Was it Lt.-Gen. Browning, the chief-of-operations whom Dirk Bogarde here renders into one of those elegantly effete toy soldiers who littered Attenborough's *Oh What A Lovely War!*? Was it cheerful, chuckling Lt.-Gen. Horrocks (Edward Fox)? Was it the paratroop leaders, as incarnated by Antony Hopkins, Ryan O'Neal, Sean Connery and Michael Caine? Or was it simply a triumph for German guile over British and American grit: the former commodity here represented by those indefatigable screen Nazis Maximilian Schell and Hardy Kruger.

With the film painting this picture of military misdoings on the kind of vast canvas usually reserved for wartime success stories, an alarming gulf opens up between the film's cautionary content and its jingoistic style. The battle-torn landscapes, the stiff-upper-lippery, the stereophonic sound (so "wrap-around" in effect that the cries and groans of the fighters seem to be issuing from the audience itself), the brassy, catchy rhythms of John Addison's score, all serve to write embarrassingly large an episode of British history for which oblivion, or at least a decently remorseful understatement, might have been the more fitting treatment.

A scene from 'A Bridge Too Far'

*

A Bridge Too Far will doubtless recoup its millions simply through its saturation publicity and simply because, like Mount Everest, it is There. In contrast, *Hot Winds*, by the Indian director M. S. Sathyu, is a film of far-from-mountainous proportions and offers no dizzying, wide-screen views over the vista of modern cinematic technology. Critics are often castigated, or caricatured, for their readiness to champion "obscure" foreign films at the expense of the commercial blockbusters. But if films like this delicate saga of family life in post-war India did not have critics to crusade for it — and by my reckoning one *Hot Winds* is worth ten *Bridges Too Far* — they would have an even shorter life expectancy in London cinemas than they do at present.

*

Hot Winds is set in 1947: the year when India was given her independence and when the sub-continent was divided into two countries, India and Pakistan. The film follows the declining fortunes of a Moslem family whose once-wealthy father, the owner of a shoe factory, refuses to leave India although the intensifying climate of anti-Moslem hostility threatens first the family's financial stability, later their happiness, finally their very lives. The main burden of suffering falls on the shoe manufacturer's daughter: a girl who is deserted by the young man to whom she is betrothed, when he is forced to flee to Pakistan, and who falls for a second man only to see the same sad story repeat itself.

Director Sathyu keeps expertly at bay the sob-story elements implicit in the screenplay. No scene is played for a too-easy emotion, and the film's characters are at once so complex and so well-defined—particularly the father, his obduracy sometimes smacking of noble stoicism, sometimes of suicidal obstinacy—that they never seem merely pawns in a game played with the filmgoer's emotions, or in a too-facile allegory about religious and political sectarianism. The film also slyly and eloquently pits Ancient against Modern India: scenes of dust and bustle in modern Agra being intercut with the timeless tranquillity of the Taj Mahal or the Tomb of Shishti. The film is clearly aimed at a wider audience than most "serious" Indian films—with its bold colour, its photogenic locations, its direct, affecting story-line—but it never sacrifices truth in the pursuit of simplicity.

*

The Streetwalker is the latest of Polish director Walerian Borowczyk's flamboyant, French-made essays in eroticism (cf. *The Beast* and *Immoral Tales*): a little short on flamboyance this time, but very long on eroticism in its account of the bizarre love affair between a young married Frenchman (Joe Dallesandro) and the prostitute (Sylvia Kristel) he meets and beds on a visit to Paris. Midway through his sojourn in that city, he receives a letter bearing the news that his wife and child have died. He blanks the letter out from his mind, continues the affair until it has run its course, and then gives himself up to guilt, remorse, and finally suicide.

The Entertainment Guide is on Page 36

Two or three fascinating ideas hover through this film — the triumph of erotic over conjugal love, the idea of grief as a "postponable" emotion, the sense of some mystic link between the husband's infidelity and the death of his wife and child. But somehow the mixture does not jell, and the film partakes for much of its length of just the kind of comically laborious kinkiness that Borowczyk's work usually transcends. Mlle. Kristel's line in *l'erotisme voilée*—draping every section of her body except the vital one in black — palls very quickly as an amorous stunt, and Joe Dallesandro, graduate of the Warhol Factory, gives us merely a Gallic version of his long-suffering California stud. There are one or two flickers of Borowczyk's genius for witty symbolism — the pick-up bar has a pile of apples mouldering in a glass case, like museum relics from the Garden of Eden —but most of the rest of the film is strictly and disappointingly for the raincoat brigade.

*

After promising signs that they were beginning to broaden their programme spectrum, with films like *Riddles of the Sphinx* and *In The Name of The Father*, *Film From The Clyde* shows The Other Cinema back in their preaching-to-the-converted vein. This is the story—or rather, one side of the story—of the shipyards merger that led to the formation of the Upper Clyde Shipbuilders in 1968; of that company's subsidisation by the then Labour government; of the Conservatives' withdrawal of financial support in accordance with their "lame-duck" policy; and of the industrial action that followed, in the shape of a prolonged Clydeside "work-in."

As usual, the workers are the suffering heroes, the Tories are the well-fed, pinstriped villains, and there, for all the serious political argument the film offers, is an end on't. As an analysis of motivation and action the film doesn't attain a much higher level than *A Bridge Too Far*. No clear account of the exact sequence of events is offered. No estimate of the actual or potential viability of the shipyards as an industry is provided. And no shrift whatever is given to the perfectly tenable Conservative argument that, in cases such as this, short-term industrial charity is often a blueprint for long-term industrial collapse.

*

For many, the best news of the summer will be that Monsieur Hulot is back in London; he of the inquisitive pipe, the grasshopper legs and the graceful, immaculately timed clumsiness. The version currently on show has an English soundtrack and the bonus of an extra sequence: a mini-tribute to *Jaws* that Tati has newly shot and cleverly incorporated into the old scene of the collapsing boat. Elsewhere it is the mixture matchlessly as before: Hulot causing chaos on the beaches and the tennis courts, Hulot losing a spare tyre and gaining a funeral wreath, Hulot attacked by a bear-skin rug, Hulot craning forward—the human answer to the Leaning Tower of Pisa—to deliver to the hotel receptionist asking his name his only line in the film, "EUGHH-LOHW . . ."

Wigmore Hall

Ross Pople

by MAX LOPPERT

Solo recitals on instruments other than keyboard are usually a daunting prospect; but a solo 'cello recital daunts far less than most. With its wide range of "speaking" tones of voice, of expressive possibilities, of nuances and variants of timbre, and with its essential instrumental character unlikely to pierce or nag at the listener's sensibilities unless actively forced to do so, the 'cello makes an excellent evening's companion. In addition Wednesday's recital, in which the young New Zealand-born 'cellist Ross Pople was sponsored by the Park Lane Group, held the promise of an interesting programme of 20th-century music. The result was not just worthy and valuable, but positively stimulating.

Mr. Pople, a familiar figure on the London concert platform in many different kinds of music, is a player of strong technique—his energetically sustained opening account of the Kodaly Sonata displayed its power and malleability to impressive effect—and also firm character. From another New Zealander, the composer-critic Robin Maconie (b. 1942), he had requested *Ricercar*, and gave here its first performance.

The composer's image, in his programme note, is of a gallery with many rooms through which the listener is guided by the soloist. It turned out to be an elliptical, disjunctive, atmospheric tour apt to break off and then regroup around recognisable gestures, and undertaken in a manner at once erudite and modest. By contrast with the subsequent familiar Penderecki *Capriccio per Siegfried Palm* (1968), full of extravagant 'cello gestures and showmanship of a diminishingly intriguing kind, *Ricercar* clothes its experiments and discoveries in quiet restraint. The piece is short, comprehensively serial in organisation, and, with a curious wit hard to explain on first encounter, very striking. It rather overshadowed Edwin Roxburgh's thoroughly worked *Partita*, later in the programme, though not the melancholy beauties of Dallapiccola's *Ciacona, Intermezzo ed Adagio* in between, played with a quietly definite sense of colour and scrupulous care, for dynamic balance.

Purcell Room

Christopher Kite

by NICHOLAS KENYON

Thoughtful, careful playing characterised Christopher Kite's harpsichord recital, the last of three in which he has been contrasting 17th- and 18th-century national styles. On Tuesday the music was German; early and late baroque were represented by Suites and Toccatas by Froberger and Bach.

Mr. Kite articulated the music cleanly, but allowed passion to raise its head only in a hurtling, impressive opening to Bach's G minor English Suite. Froberger's deeply-felt *Tombeau* and *Plainte* also deserve passion; in these rhythmically free pieces he found it harder to sustain tension and indicate the music's direction. The Bach C minor Toccata was spirited, though both here and in Froberger's earlier Toccata one missed that sense of bravura display which lies at the heart of the German toccata tradition.

Some of Mr. Kite's assertions in his programme note would not have been so worrying were he not a Professor of Harpsichord at the Guildhall School of Music: the four-movement suite was *not* an innovation of Froberger's (he did not even place the Gigue last—his publisher's did); there is no proof that Bach's English Suites were written for an English nobleman; it is highly debatable whether the English Suites are more French than the French Suites; and the Third English Suite is not in G major.

Whitehall

Women Behind Bars

The fringe is a funny place to find Fiona Richmond who has built her reputation by going all the way, very frequently indeed. But her latest vehicle *Women Behind Bars*, would be much more at home upstairs in an avant garde pub than attempting to lure Japanese businessmen into the usually safely lewd seats of the Whitehall.

For this is not the traditional British soft core porn show. Arthur Tom Eyen has quite justifiable pretensions, creating not only *The Dirtiest Show in Town* but also writing scripts for the U.S. cult TV soap opera *Mary Hartman*. *Women Behind Bars* is also a cult, and very successful, too, in New York, but its mixture of sophisticated gay slang, theatrical allusion, and in-crowd sniggers is hardly likely to convince the Rugby club that they have got value for their Saturday night money. And, as a clincher, only Fiona Richmond gets the chance to lose her clothes, and then a derisory four times.

Women Behind Bars is a cheerful romp set in a U.S. prison in the 1950s. All the predictable characters are incarcerated, from the fiery Latin, to the dopey Negress, with a loony, an OAP, a crypto-Marilyn Monroe, and a lesbian pusher thrown in. The matron and her side-kick are also inclined towards the ladies, and instead of a plot there is backchat which is probably wittier in American hands.

Fiona Richmond as a naive floats through the piece inconsequentially, and seems happiest when given the chance to slip out of her apron. Even so her sacrifices cannot turn what is a slice of American camp into an erotic evening, and the show is only saved by the androgynous Divine, an outsize character who milks the Matron for all she is worth.

Divine is a survivor from the original New York workshop production of *Women Behind Bars*, as is Sweet William who plays the wardress Louise. They upstage everything in sight, and almost justify the export to London. The girls try their best, but seem inhibited by the fact that they have to remain clothed during the entire 75 minutes. All in all more of a curiosity for the theatrical buffs, rather than for the prurient buffs.

EUROPEAN NEWS

Cosgrave steps down as Fine Gael party leader

BY GILES MERRITT — DUBLIN, June 23.

MR. LIAM Cosgrave, the outgoing Irish Prime Minister whose Fine Gael-Labour coalition government last week suffered a landslide general election defeat, is to resign the leadership of his Fine Gael party and retire from front bench politics.

In the wake of Mr. Jack Lynch's feat of gaining a record Dail (Parliament) majority of 20 seats for his Fianna Fail Party, Mr. Cosgrave announced at a meeting this evening of the Fine Gael parliamentary party that he will be retiring to the backbenches early next month.

His successor is widely tipped to be Dr. Garret FitzGerald, the outgoing Foreign Affairs Minister, though he faces tough opposition among the party's rank and file.

Mr. Cosgrave has come under strong criticism inside his party following its disappointing showing in the election—Fine Gael's Dail seats were slashed from 55 to 43. Mr. Cosgrave's calm and unruffled style during the election campaign contrasted strongly with Mr. Lynch's energetic progress through the Republic.

Mr. Cosgrave's surprise decision now means that both Fine Gael and its junior coalition partner, Labour, face leadership crises. Mr. Brendan Corish, the outgoing Deputy Premier who heads the Labour Party, is already understood to be on the point of stepping down. Labour's Dail representation has been reduced from 20 to 17 seats.

Because of the scale of Fianna Fail's victory—a period of infighting and uncertainty over the coalition's future had been widely forecast.

The coming week is expected to see active lobbying inside Fine Gael as candidates for the leadership prepare for the party meeting called to-day by Mr. Cosgrave for July 1 to discuss the leadership succession. Whoever is elected to head Fine Gael will become de facto leader of the Opposition, providing he can keep the coalition together.

Largely through his commanding performance during the election campaign, Dr. FitzGerald has emerged as the most prominent contender for the leadership. Opinion polls identified him as one of his party's best known and most respected members—second only to Mr. Cosgrave himself.

But he is known to lack rank-and-file party popularity and will face at least four rivals notably Mr. Richie Ryan, the outgoing Finance Minister, who Mr. Cosgrave is believed to favour.

Ironically, Dr. Fitzgerald had been privately discussing the possibility of forming a breakaway party from Fine Gael. Until to-day, the signs were that Mr. Cosgrave was planning to stay at the head of Fine Gael despite the storm of criticism over his campaign strategy.

Mr. Cosgrave's decision to fight an election in June, rather than in the autumn when most economic indicators were expected to improve, has been widely criticised. Only Dr. Fitzgerald determinedly urged an autumn election, something that is expected to stand him in good stead in the leadership battle.

Hopes of W. German steel upturn fall

By Guy Hawtin — FRANKFURT, June 23.

HOPES OF an improvement in the performance of the West German steel industry have been dashed by news that orders in May for rolled steel finished products were heavily down on the depressed April figure. They have also fallen below the level of bookings in May last year, when the industry was clearly heading for its blackest months of the decade.

An upturn in orders in the first quarter of 1977 led observers to hope that the worst was past. However, with a continued recession in the building industry, an inevitable recession in the ship-building sector and intense foreign competition, things look exceedingly bleak.

Figures produced by the West German Iron and Steel Industry Federation show that May orders for rolled steel finished products totalled only 1.74m. tonnes.

Bookings were 8.2 per cent. below the 1.89m. tonnes of April—themselves 14.3 per cent. down on the March figure—and were also 10.4 per cent. beneath the March-April-May three-month average. Even more ominously, the inflow of orders in May were 6.2 per cent. below those of May, 1976.

The largest drop in orders came from the home market, traditionally the industry's largest customer. Domestic bookings were down by 13.2 per cent. from the April 1.28m. tonnes to 1.11m. tonnes. Orders from European Community customers fell back by 3.3 per cent. from 210,000 tonnes to 203,000 tonnes, but bookings from non-EEC countries rose by 5.2 per cent. to 422,000 tonnes.

Deliveries in March rose by 13.7 per cent. to just under 1.82m. tonnes, although this was still below the 1.83m. tonnes three-month average. As a result of the increased deliveries, the industry's order book fell back by 2.1 per cent., compared with the previous month, to 3.72m. tonnes, with home orders down by 3.3 per cent. at 2.17m. tonnes, and EEC orders down by 2.8 per cent. at 436,000 tonnes.

The Federation pointed out that total orders in May were some 200,000 tonnes higher than the average monthly bookings in the second half of last year, the deep point of the current recession. However, the figures are more than 220,000 tonnes lower than the monthly average for the first half of 1976, when the industry was heading for the low point.

U.K. draws up world human rights table

BY MALCOLM RUTHERFORD

THE BRITISH Foreign Office has completed a world table assessing the performance of individual countries on human rights. It is now considering how the assessment might best be used to foster the human rights cause.

Although the table has not been published, it is understood that Britain comes close to the top of the league. Only its use of torture in Northern Ireland—now officially abandoned—prevents it from taking an even higher place.

Seven criteria, all of them of equal weight, were used for the placings. These were: the incidence of imprisonment without trial; the use of torture; the practice of slavery; the independence of the judiciary; the freedom of the Press and access to information, the freedom to join trade unions; and the freedom to leave the country.

At the bottom of the league are such countries as Cambodia, the Central African Republic, Equatorial Guinea and Uganda. Chile is also close to the bottom.

Among Third World countries which come rather high in the league are Botswana and Costa Rica.

The Soviet Union and some East European countries are said to be well below the middle.

The table was compiled on the basis of reports by British embassies and High Commissions and is to be revised annually.

It is stressed in London that the idea of a more systematic assessment of human rights performance predates President Carter and the emphasis he has given to human rights in international affairs. It was endorsed by Mr. Anthony Crosland, the late Foreign Secretary, and much of the work has been supervised by Mr. Evan Luard, an Under-Secretary of State at the Foreign Office.

It is not yet certain, however, how far the Foreign Office will use its table as a basis for action: for example, in apportioning British aid.

A two-day seminar to discuss this question will open at St. Antony's College, Oxford, to-day with Mr. Luard in the chair. It will be attended by British officials, jurists and representatives of private organisations such as Amnesty International and the Anti-Slavery Society. It will not be open to the public.

The Foreign Office view at present is that the existence of the list is useful in itself in that Britain's approach to human rights abroad h somewhat haphazard spasmodic. But wit possible exception of which is something of case, the Government yet thinking of a sanctions even to the blatant offenders.

The sort of graded a could go through woul with private then public sentations, move to supp or initiating action in national organisations s United Nations agencie only then to cons cutting off aid or supplies.

Trade sanctions wo right at the end of th and the Government present opposed to th also believes that some can better be taken by organisations rather governments.

Drafting deadlock in Belgrade

BY PAUL LENDVAI IN BELGRADE

PROFOUND political differences have emerged behind the seemingly technical and procedural discussions at the 35-nation preparatory meeting in Belgrade which should draft an agenda for the main follow-up conference on European security, tentatively scheduled to begin in early October.

After a week of plenary meetings and intensive informal contacts, the outcome of the meeting is still impossible to predict. If the Soviets remain as inflexible as they have been up to now, the preparatory talks may even, with an August-break, continue into September. Alternatively, the 197 delegates might settle for a compromise, couched in a fuzzy language, which would leave the main battle for the conference in the autumn.

No one is speaking here about political issues, let alone about human rights. But it is Soviet attempts to block a detailed review of the implementation of the final act of the 1975 Helsinki Conference that lie at the heart of the deadlock. The main bones of contention—not so much between East and West as between an isolated Soviet bloc (minus Romania) and the 29 other participants — are the agenda, organisational structure, termination date and the provision for further follow up meetings.

Three draft agendas have been tabled so far. The first and most detailed was put forward at the first working session by the U.K. as current present of the Council of the European Community, on behalf of the EEC; it was also co-sponsored by the U.S. The proposed agenda is divided into three separate categories: first a thorough exchange of views on the implementation of the Helsinki provisions; second, discussion of the improvement of security and development of detente; and third, the making of appropriate arrangements for further follow-up meetings.

The neutral countries went even further than the EEC and the U.S., in that their agenda even spelt out that the final document of the main conference should set the time and place for a further review meeteng.

The EEC-U.S. draft (usually but misleadingly called the Anglo-American proposal, to the chagrin of the French) also spells out arrangements for the discussion of the so-called three "baskets"—European security and confidence-building measures; economic co-operation; and humanitarian issues. These should be discussed both in closed plenary meetings (for about three weeks) and in committees (for "at least" five weeks) as well as in ad-hoc working groups and open plenary meetings, both at the beginning and at the end of the conference.

The whole exercise could be completed in 12 weeks. But the U.S. and the EEC suggest it should not end "until it has fulfilled its mandate and has adopted a concluding document."

The day following the presentation of the EEC-U.S. proposal, the Soviets countered by presenting merely a verbatim copy of five lines from the Helsinki Agreement. On the face of it, the difference is minimal since the West, too, based its proposal on the same document. The point, however, is that if the main conference were really to be based upon such a general statement of intentions as these lines provide it would soon get bogged down in a general debate.

Soviet Ambassador Vorontsov, presenting his side's agenda, went to great lengths to convince the meeting that it would provide for "a free and thorough exchange of views . . . giving each delegation every possibility to express its views and ideas" on everything. It would be "a free democratic approach" allowing the meeting to be conducted "in the best possible way." Last but not least, the Soviet side mentioned cursorily that under its proposed agenda it will "of course also be possible to consider the question of modalities for the holding of other meetings."

The total deadlock following the presentation of the two draft agendas galvanised the neutrals and the non-aligned small nations into frantic action to get the talks going again. The Austrians, Yugoslavs, Swiss and Swedes, supported by Finland, Malta, Cyprus, Liechtenstein and San Marino, drew up a new agenda which must have come as a shock to the Soviet bloc. It tried to chart a middle road by lumping together the provisions of the Helsinki final act about reviewing implementati discussing further n under one heading, but separating the topics different brief paragrap

To make things even for the isolated Easter the neutral and non countries' draft went even than the Western dr contains a clear commitm the holding of future B type meetings, and even out that the final docu the main conference decide on the time and p the next meeting. This most controversial provis most vigorously pushed Yugoslavs.

Ambassador Vorontsov not find much comfort the statements mad Ambassador Valenti Lipa Romanian chief delegat made sarcastic remarks consultation where "one about everything but d decide on anything" demanded that the autun ference should have d making powers. It is also stood that the Romania implication that the Romania firmly against any kind off date for the main con and also insist on d discussion in the autumn.

"We can now sit ba relax," a West German di said in a somewhat flippa after studying the neutr non-aligned countries agenda. On the most points, the Soviet bloc is lessly isolated. The outc the preparatory talks a implication the fate o autumn conference now d on whether the Soviets more willing to seek a promise with the neutral with the EEC and the U.

Soviet Union attacks Carrillo

BY DAVID SATTER — MOSCOW, June 23.

THE SOVIET UNION to-day denounced the concept of Eurocommunism advanced by Spanish Communist Party leader Sr. Santiago Carrillo as doctrinally barren, anti-Soviet, and intended to split the world's Communist movement.

In the first detailed Soviet attack on the idea of a separate Western European brand of Communism the Soviet foreign affairs weekly New Times said that the whole concept of Eurocommunism is erroneous because it assumes there is valid debate not about Communist tactics but about the concept of Communism.

The 3,500-word New Times article, which was carried in full by the Soviet news agency Tass, said that Eurocommunism is in fact a political instrument intended to sever the ties between the communist parties of Western Europe and the parties of the socialist countries of Europe, discredit the Soviet Union and perpetuate the confrontation in Europe between opposing military blocs.

There is only one communism, the New Times article said, "namely, that whose foundations were laid by Marx, Engels and Lenin and whose principles are adhered to by the present-day communist movement." The New Times article singles out Sr. Carrillo for criticism in connection with his recent book, "Eurocommunism and the State," in which he criticised the Soviet Union for stifling human freedoms and economic progress.

The unusually bitter tone of the attack, however, is an indication that may be only the beginning of a long debate between the Soviet Union and Western Europe over the future of Communism.

The New Times article attributed Sr. Carrillo's views to his antipathy to the Soviet Union. This is the only way to explain Sr. Carrillo's "monstrous" statement that the Soviet Union is the super power to blame for the arms race and that it pursues great power objectives, the article said.

The New Times article said that Sr. Carrillo's recent views, including his support for Spain's entry into Nato, are an attempt "to win at all costs respectability in the eyes of the Spanish bourgeoisie.

Paris meeting welcomed

BY OUR OWN CORRESPONDENT — MOSCOW, June 23.

THE VISIT of Mr. Brezhnev, the Soviet President, to France appears to have given new life to Soviet-French relations, but only at the price of modest Soviet concessions to the French concern for expanding the notion of detente to include the area of human contacts.

The Soviet Communist Party newspaper Pravda to-day devoted its first two pages to the results of the talks which it characterised as "useful and fruitful," and said they will strengthen Soviet-French relations and improve the international climate as a whole.

The Soviet-French joint declaration on detente re-affirmed the two countries' commitment to an easing of international tension, but also listed "contacts between people," as a way of furthering detente, a formulation absent from previous communiques and an apparent concession to the French desire to broaden the concept of detente to take in more than inter-governmental relations.

Massive protests by Portuguese workers against cost of living

BY DIANA SMITH — LISBON, June 23.

TRADE UNIONISTS took to the streets of Portugal's cities last night in a gigantic demonstration of protest against the minority Socialist Government's policies.

A human tide of 100,000 singing, slogan-chanting workers (and white-haired grandmothers and tiny children) poured down the Avenida da Liberdade, the main thoroughfare in Lisbon. In the main northern city of Oporto, 50,000 people packed the streets. In other cities, smaller but no less significant marches went on until late at night.

Nearly all of the 260 Portuguese trade unions were represented. Gaily-coloured banners proclaimed: "Work, yes — unemployment, no"; and "the cost of living is rising—the people won't stand for it."

Meanwhile, the Cabinet of Dr. Mario Soares removed itself from the capital and travelled north to Braga, pursuing its policy of sporadically meeting in provincial centres, a policy viewed with sarcasm by many Portuguese.

The object of the travelling Cabinet is to underline the Government's gradual decentralisation of the Administration but, in these times of austerity, many people look at the cost of transporting and lodging dozens of Ministers, Secretaries of State and their staff, rather than the publicity value of the move.

Sr. Soares has been forced to remember, once again, that Communist pull on labour mobilises hundreds of thousands of individuals into long, disciplined marches, while his own Socialist Party has difficulty making even modest inroads into trade union administration. But he can take comfort from another source.

Eleven of the 16 countries currently discussing financial aid to Portugal have agreed to lend $750m. The U.S. (which will contribute $300m.), Japan, France, Norway, Sweden, Britain, the Netherlands, Switzerland, Italy, West Germany, and Venezuela have agreed that Portugal must be helped.

The loan, said the joint communique issued yesterday by the 11 nations, is an "encouragement to the Portuguese Government and a considerable vote of confidence in its economic policies, which we consider correct." Most importantly, the loan will help the Portuguese balance of payments, reducing its $900m. deficit.

The balance of payments is strained by the need to import over half of the foodstuffs and 85 per cent. of the animal feeds consumed here. The disastrous wheat harvest this summer caused by autumn and winter downpours, will only produce 180,000 tonnes, compared to 600,000 tonnes last year.

Food—or, more accurately, rotting leavings of hundreds of thousands of Lisbon households—has been uppermost in the minds, and noses, of the capital's residents for eight days. A strike of rubbish collectors has turned the city into a serious health and fire hazard.

Residents tried to burn heaps of malodorous rubbish.

Finally, from its temporary meeting place 200 miles from the capital, the government took action last night. As of 5 a.m. to-morrow, refusal by rubbish collectors to work will bring immediate dismissal.

Furious residents wonder why the cabinet took so long to act, since a near-bankrupt Lisbon Town Hall cannot afford to replace burnt-out street light bulbs, let alone pay the wage increase which the rubbish collectors are demanding.

The policies of Sr. Soares, yesterday's marches indicate, would seem to be more popular abroad than at home.

UPI adds from Oporto: M. Francois Mitterand, the French Socialist leader, arrived here to-day for a brief evening meeting with Sr. Mario Soares, the Socialist Prime Minister of Portugal. On his arrival, M. Mitterand expressed cautious support for Portugal's bid to enter the EEC, saying that "French Socialists do not oppose Portugal's membership, but we feel it should not be considered as an isolated case."

Ulsterman as Brussels adviser

BY ROBIN REEVES — BRUSSELS, June 23.

MR. JOHN HUME, the deputy leader of the Northern Ireland Social Democratic Party, is to become special part-time adviser to Mr. Richard Burke, Ireland's commissioner in Brussels, who has responsibility for consumer affairs.

Mr. Hume's specific job will be to advise Mr. Burke on consumer affairs. He will be charged with assessing the attitudes of EEC member governments to consumer issues, with strengthening links with the European Parliament, and with the preparation of a high-level EEC conference to examine the implications for consumers of recent changes in the economic climate.

However, the appointment, which although approved by the Commission's 13-man executive, has still to be blessed by the Council of Ministers, has clear political significance.

Mr. Hume will continue to live in Derry but will travel regularly to Brussels and other EEC capitals, thereby giving the Common Market and its institutions their first direct link with the Catholic minority community in Northern Ireland since the U.K. joined the EEC.

Indeed, the province has had no direct political representation at the EEC level, ever since Mr. Rafton Pounder, the Ulster Unionist MP, lost his seat in the European Parliament after the February 1974 general elections. A Conservative group subsequently offered to give up one of their allotted Strasbourg seats to an MP from the Ulster Unionist coalition but it was not accepted.

In the past, there have also been official approaches from Northern Ireland for the setting up of a commission office in Belfast, along the lines of the EEC offices in Cardiff and Edinburgh, but without result.

N-energy hearings plan

The European Commission is preparing comprehensive public hearings on the future of nuclear energy and its implications for the EEC, UPI reports from Brussels.

A Commission spokesman said yesterday three hearings are to be held from October to December this year and that Dr. Guido Brunner, the Energy Commissioner, plans to make public as much information on the question as possible.

The hearings will be held at the Heysel former World Fair grounds in Brussels, with 200 of the 500 seats reserved for the Press and 150 for the public.

The hearings are to last about three days each, centering on the Community's energy demand and supply situation up to the year 2000, nuclear energy and human society, and the effects of nuclear energy production on security and environment. The exact dates have not yet been fixed.

Finland stimulus plans

Mr. Kalevi Sorsa, th nish Prime Minister, ye announced the new Finnis ernment's plans to stimul economy this autumn a 1978, Lance Keyworth from Helsinki.

He also promised t "stimulatory 1978 budget will be presented to Parl in September. Its primar will be to relieve unemplo and for this purpose more will be made available tl various state credit insti for industrial investmen regional development. A part of the necessary fina to be raised abroad.

Among steps envisaged temporary reduction employers' social security by one percentage point a same reduction in the emp. pension premium (which i by the employers) in 1978. over tax on industrial bui started this year wil abolished.

Red Brigades leader jailed

Renato Curcio, self-de leader of Italy's extrem "Red Brigade" guerilla was jailed for seven years for shooting a policeman captured him last year, l writes from Milan.

An assize court acquitte 35-year-old of attempted m but found him guilty of re arrest, possession of fir and causing bodily harm.

A separate trial of Curc 52 others suspected Red B guerillas in Turin was susp indefinitely last month jurymen, terrified by assassination of a l refused to serve.

French N-weapons

M. Raymond Barre, the F Prime Minister, yesterday out the stationing of F atomic weapons outside F Reuter writes from Paris. Government of President V Giscard d'Estaing has under pressure from West many in the past to mov pluton 20-kiloton tactical n missiles nearer the Warsaw frontier.

Bulgaria extradition

Bulgaria has asked Yugo for the extradition of a mar hijacked a Bulgarian airlin Belgrade last Saturday, a Fo Ministry spokesman said y day, Reuter reports from grade.

THE FINANCIAL TIMES, published daily Sundays and holidays. U.S. subs $178.00 (air freight) $134.00 (air ma annum. Second class postage paid York, N.Y.

Burns hits Bill to make Fed chief 'President's man'

BY DAVID BELL WASHINGTON, June 23.

DR. ARTHUR BURNS, chairman of the Federal Reserve, argued strongly to-day against a proposed Bill which would effectively give President, for the first time, power automatically to appoint their "own man" as chairman of the Nation's central bank.

Under present law the chairman of the Fed is appointed to serve a renewable four-year term by the President. This inevitably means that Fed chairmen often find themselves serving Presidents of a different political party from the one that appointed them and this can lead to friction. There have already been one or two public complaints by Administration officials about Dr. Burns, who was appointed by a Republican president.

The new law would set a fixed, four-year term which would automatically expire exactly one year after each general election, thus providing for some overlap but giving the President power to choose his own man. But it would leave unchanged the current provision that members of the board, apart from the chairman and vice chairman, should be chosen to serve 14-year terms.

This proposal, on which hearings were held to-day before the House Banking Committee sub-committee on monetary policy, is a variation on a theme often sounded during last year's campaign by President Carter. He accused the Fed of being out of sympathy with the true needs of the country and of unnecessarily damping down demand with tight money policies.

Mr. Carter said that one way of avoiding clashes between policies of the Administration and the Fed would be for the President to be able to appoint his own chairman. Since the election, the President has got on rather better than he expected with Dr. Burns, who has been careful to moderate his criticisms and whose argument that the $50 per person tax rebate was not needed eventually carried the day.

However, Dr. Burns is not popular with Democrats on the Hill, not least because he was appointed by President Nixon. He was reappointed nearly four years ago and his term is set to expire on January 31, 1978. There has been some speculation that Mr. Carter might reappoint him, but it is unlikely that the Democratic party would be at all happy were this to be the case.

In any event, Dr. Burns left himself out of the issue to-day and presented a series of arguments in favour of leaving the present legislation as it is. He noted that members of the Fed board serve for 14-year terms designed to insulate them from political pressures. A four-year term specifically tied to the presidential elecon could not but but leave future chairmen open to political pressures.

At the same time, such a term would restrict their room for manoeuvre, both in the year before an election (lest they contribute to the defeat of a President who, if re-elected, might reappoint them. And, he said, it would effectively make the chairman a lame duck if a new President was elected who wanted to get rid of his chairman but could not do so for another year.

Dr. Burns also said that the procedures for filling unexpired portions of terms, as laid out in the Bill, were inadequate particularly since it was unlikely that any one could be prevailed on to serve the last year of a four-year term with no certainty of re-appointment if the President was not re-elected. "To my mind these are serious limitations," Dr. Burns added.

The chairman said that he believed that the men that framed the original Federal Reserve legislation "acted wisely in creating a design for the Federal Reserve that insulated it from politics. . . . I urge you not to risk introducing a political dimension into the Federal Reserve by adopting legislation for which no need has been demonstrated."

Congress curb on World Bank

BY OUR OWN CORRESPONDENT WASHINGTON, June 23.

THE WORLD Bank is considering the implications of a vote in the House of Representatives yesterday which would prevent it using in certain countries money provided by the U.S.

Last night, the House voted by 295 to 115 to prevent the bank, and other regional aid banks, from lending money contributed by the U.S. to Cuba, Indochina, Uganda, Mozambique and Ethiopia. The vote came despite a letter from President Jimmy Carter warning that such a vote might make it "impossible for these institutions to accept our funds."

A World Bank spokesman said this morning that the bank is examining its article of agreement to see whether such a provision, assuming that it is also eventually approved by the Senate, would mean that it could not accept U.S. money. Sources said it seemed possible that the House vote would not present insuperable problems but would inevitably increase the politicisation of the bank which its officials strenuously oppose.

As far as the bank is concerned, the amount of money involved is considerable. For instance, the U.S. has contributed about 28 per cent. of the fifth, and latest replenishment for IDA, a World Bank agency, and this amounts to some $2.4bn. At the same time, the U.S. share of the latest selective capital increase in the bank is about $1.6bn.

Although some agencies, notably the Inter-American Development Bank, are already covered by U.S. legislation which prevent their using U.S. money for certain countries that violate human rights criteria, yesterday's vote is a significant extension of Congressional attempts to intervene in the policies of international lending agencies.

Congressman Jack Kemp, a New York Republican, said last night that the lending agencies were simply providing a "circuitous" way to continue giving U.S. aid to IndoChina and other nations. Other Congressmen said it was not fair to the U.S. people to tell them that the U.S. would not aid certain nations and then to give them "backdoor" assistance.

But Congressman David Obey, a Wisconsin Democrat, said the international institutions had been set up as a way of avoiding the politicisation of foreign aid programmes and as a way of "sharing the burden" of foreign aid with other countries who also contribute to these international lending agencies.

Spy tales from the Los Angeles 'black vault'

BY WILLIAM SCOBIE IN LOS ANGELES

A PENITENT young spy, who is telling the Central Intelligence Agency all he can about his two years as a Soviet operative within one of America's top defence contractors, is to be rewarded with a light jail term.

That much became evident in a Los Angeles courtroom last Monday when a tearful Christopher Boyce was ordered to undergo a three-month medical and psychiatric study before final sentencing. What is less clear is the extent of damage done by Boyce and his boyhood friend, Andrew Lee, 25, to national security. It is certainly considerable: one U.S. intelligence source calls the case "the gravest since the Rosenbergs" and both men could, in theory at least, be sent to the electric chair under the U.S. Espionage Act.

Boyce and Lee were convicted of selling thousands of secret documents to the Russians, compromising dozens of international CIA bases from Holy Loch to Alice Springs. Revelations during their trial of covert CIA activities caused a political storm in Canberra, where the former Prime Minister, Mr. Gough Whitlam, has demanded a full inquiry, charging that the country's "integrity as a sovereign state" is at stake.

Boyce ran the so-called "black vault" at TRW, a Californian firm which is the principal maker of spy satellites for the CIA. Only eight other people were permitted to enter this communications centre near Los Angeles, which handles a wide range of coded traffic relating to the satellites, nuclear submarine movements and other defence matters. The information received was relayed to CIA headquarters in Langley, Virginia, and other bases worldwide.

In spring 1975, Boyce and Lee also began relaying it to the Soviets via their embassy in Mexico City, which is considered the KGB's "head office" for Latin America. Boyce photographed documents with a Minox B camera in the "black vault," then handed the results to Lee, who made regular trips to Mexico City, where his contact—one Boris Grishin—combined the duties of KGB agent and "science attache."

Why did they do it? Because, Boyce said in court this week—his voice choked with emotion—"young people of my age placed little or no faith in established institutions" following Watergate and Vietnam, and he failed to appreciate that "my country is anchored in principle, no matter what the practices of its government."

Christopher Boyce . . . arrest in Mexico City.

Beyond idealism, there was blackmail. Boyce—an affluent young man whose father, an ex-FBI agent, is chief security officer for McDonnell Douglas, the aerospace corp.—attended a hard-drinking pot party in early 1975. Talk turned to CIA intervention in Chile. Boyce boasted that he knew of similar manipulation in Australia, where, he told Lee, the CIA was "systematically deceiving" the Government about the spying functions of U.S. satellites, and also subverting Left-wing unions which opposes the bases, located near Alice Springs.

Boyce claimed that Lee offered to make "the facts" known through influential friends. Instead, he took the information to the Russians, then threatened Boyce with exposure unless he supplied more details.

Lee, the high-living son of a Californian physician, has a drug conviction and was constantly in debt. The Russians solved his financial problems with payments of $76,000 over two years. Boyce admits to receiving some $15,000 of this.

Among items reportedly passed to the Soviets were top secret codes vital to national defence and particulars of infra-red sensors by which satellites detect Russian missile launchings.

But for security reasons the Los Angeles trial concentrated on the now-abandoned "Project Pyramider" which would have allowed CIA agents around the world to converse with their American HQ by hand-held transmitter, via satellite. The scheme was dropped because of its $600m. price tag.

Lee was arrested in Mexico City last January while attempting to deliver a packet of micro-film strips to the embassy and handed over to U.S. authorities.

The case has badly shaken companies like TRW and Lockheed—which are barred contractually from so much as acknowledging a relationship with the CIA—and brought a wave of tough new security checks among defence firms.

TRW's "black vault" was supposedly closely guarded by numerous check-points, TV monitors and electronic equipment. Boyce had passed CIA inquiries into his background before gaining full clearance. Yet his record as a college drop-out with drug-using friends went unobserved.

"Security at TRW was a joke," said Boyce. In the vault, drinking went on daily, bets being placed with bookies over bug-proof phones and marijuana was grown in pots.

The lengthy "psychiatric study" which the remorseful Boyce must now undergo is expected to provide further justification for a moderate sentence. Plea-bargaining with Lee, who was found guilty in May, has apparently been more difficult, but his sentencing, too, has been repeatedly delayed—the latest date set is July 18—and he is now reportedly co-operating with the CIA.

U.S. may pull out of ILO

WASHINGTON, June 23.

THE U.S. will probably withdraw from the International Labour Organisation in November, a move that could cause the collapse of the United Nations agency, according to U.S. Labour Secretary Ray Marshall. He said that U.S. complaints against the ILO were not resolved satisfactorily during its recent meeting in Geneva.

In November, 1975, the U.S. announced it would withdraw from the ILO in two years unless the agency adopted certain changes restricting a trend toward political debate.

U.S. delegates were particularly disturbed by the ILO's unwillingness to act during the recent meeting on a report condemning labour standards in the Soviet Union and Czechoslovakia, Mr. Marshall said.

He noted that the United States also failed to win a provision that would have restricted the group from debating political matters having nothing to do with labour standards.

Agencies

B-1 bombers to cost $112m. each

BY OUR OWN CORRESPONDENT WASHINGTON, June 23.

TWO issues that neatly symbolise the immense difficulties in making defence policy are now awaiting a decision by President Carter who faces certain opposition whatever he decides to do about both of them.

The first concerns the future of the B-1 bomber, an enormously versatile aircraft designed as the successor to the ageing U.S. fleet of B-52 strategic bombers. The President appeared to oppose it during last year's campaign and now appears to be leaning towards approving limited production. A decision is promised by the end of this month.

The B-1's enormous cost, and the Presdent's campaign criticisms of the whole project, make it a very difficult decision.

It appears likely that the President may decide to go ahead with the aircraft but to build substantially fewer than originally proposed by the Ford Administration. According to the general accounting office, the cost of each aircraft has now climbed from the last estimate of $93m. per aircraft to about $112m.

The second issue involves the sale of seven highly sophisticated airborne radar systems (known as AWACS) to Iran which, the Washington Post reported to-day, the president is on the verge of approving even though many officials believe that such a sale violates the administration's new foreign arms sales policy.

The sale of the AWACS—at a probable cost of about $1.2bn. is likely to be opposed by congressional liberals on a number of grounds. They will argue that Iran does not need the aircraft and that supplying it will increase Iranian dependence on the United States which could seriously embarrass the U.S. at a later stage.

Mr. Carter may decide to think again about the AWACS, particularly as the administration recently blocked the sale of modified F-18 aircraft to the Shah.

Nixon's $3.25bn. aid offer to Hanoi renounced

WASHINGTON, June 23.

BRUSHING ASIDE a charge of hasty and less than honourable consideration, the House has voted to specifically renounce President Nixon's offer of $3.25bn. in post-war reconstruction aid to Vietnam.

The House overwhelmingly adopted by a vote of 359 to 33 an amendment to denounce the offer made to Hanoi's leaders during the latter days of President Nixon's peacemaking in Vietnam.

At the start of the day-long debate on the $7bn. foreign aid Bill, President Carter urged the House in a letter to Speaker Thomas O'Neill to adopt no amendments which would limit the ability of international banks to extend loans to the Communist government in Hanoi.

However, by an overwhelming vote of 295-115 the House adopted an amendment against U.S. funds from going "directly or indirectly" to Vietnam, Cambodia, Laos or Uganda.

UPI

Missile failure due 'to faulty fin'

BY DAVID BELL WASHINGTON, June 23.

THE U.S. NAVY has disclosed that the cause of the failure of the latest test firing of the Tomahawk Cruise missile was a faulty tail fin which failed to deploy after the weapon was launched by rocket from a submerged submarine.

The fin was supposed to open when the missile reached 2,000 feet above the sea at which point the missile's own engine was also supposed to start to power the weapon as it headed for a target 60 miles away. The engine worked but the fin did not. The Navy said to-day that it knew the cause of the problem

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OVERSEAS NEWS

Hussein revives West Bank link plan

By Ihsan Hijazi

BEIRUT, June 23.

KING HUSSEIN of Jordan has apparently revived his plan for an association between the proposed Palestinian homeland and the East Bank of the Jordan within the framework of a united Jordanian kingdom.

Mr. Mudar Badran, the Jordanian Prime Minister, told a visiting Egyptian Press delegation earlier in the week that Amman had proposed the plan to the Palestine Liberation Organisation. He was quoted by the Egyptian news agency, Mena, as saying the suggestion was made during the recent dialogue with the PLO held in the Jordanian capital.

King Hussein first presented the plan in 1972, proposing the restructuring of his kingdom after the West Bank, now occupied by Israel, is recovered. He suggested that the two banks of the Jordan should enjoy autonomous status within the framework of a united kingdom.

The PLO at the time strongly rejected the plan. King Hussein had the year before expelled Palestinian guerillas completely from his country.

Informed observers believe Washington may be behind the plan's revival. Vice-President Walter Mondale said in a speech a few days ago that the United States preferred that *the proposed Palestinian homeland should be associated* with Jordan. Reports in the Israeli Press yesterday also suggested Washington would prefer an autonomous, demilitarised, West Bank.

Mr. Badran also said a plebiscite should be held among the Palestinians to determine their final position on the plan. PLO chairman Yasir Arafat, retorted that the PLO had already been upheld as the sole legitimate representative of the Palestinians by the Arab summit conference in Rabat in 1974.

Uganda Radio places Amin 'on honeymoon' and denounces Press

NAIROBI, June 23.

UGANDA Radio announced to-day that President Idi Amin was enjoying a delayed honeymoon with his wife, and denounced as "malicious propaganda" reports he had disappeared following a reported assassination attempt.

"President Amin has been resting after a long period of hard work," Radio Uganda said in the first official comment on his mysterious absence from the capital of Kampala.

"The allegations of his disappearance therefore seem to have originated from the Kenya news media, followed by the British Press to the extent of hoodwinking the whole world," the radio said.

"Therefore, the reports "about his alleged death or disappearance have proved false," the radio said. "The British and Kenyans should be ashamed, for nothing at all has happened to him."

The radio said that there were more than 5,000 whites in Uganda, and even they could testify that "nothing has actually happened in Uganda."

The radio added, "it can be recalled that, on June 16, the Life-President announced he was going for a honeymoon and rest (with his wife Sarah). It is therefore stupid for the British to expect him to keep talking as though he was a coward.

"All this malicious propaganda and machinations started way back in 1972 when he declared the economic war (when he began by expelling 40,000 Asian business people), the radio said. UPI

OPEC may decide soon on prices

Mr. Hamid Zaheri, Information Department chief of the Organisation of Petroleum Exporting Countries (OPEC) said here yesterday that it was "absolutely possible" that a decision on the price of oil would be made prior to the start of the Stockholm conference of the OPEC oil ministers on July 12, AP-DJ reports from Vienna. But he denied that an announcement would be made as early as to-morrow, as reported by a Kuwaiti newspaper.

Papua fighting

Police fired teargas yesterday in attempts to separate 700 warring tribesmen in the third consecutive day of fighting in Papua New Guinea's central highlands, Reuter reports from Port Moresby. The fighting broke out after Papua New Guinea's Education Minister, Mr. Kobale Kale, and his younger brother were ambushed, reportedly in revenge for the death of a five-year-old girl in a road accident in which Mr. Kale was involved last week.

Burma borrowing

Under notes exchanged here yesterday, Japan will extend to Burma a Y28,540m. (about $102.6m.) loan for financing four industrial projects, and the procurement of commodities, our Rangoon correspondent reports. Y19,540m. will be for buying Japanese machinery and equipment for Burma's light vehicles, heavy vehicles, agricultural machinery and equipment, electrical and electronic products, and manufacturing projects.

Pakistan poll date

Mr. Z. A. Bhutto, the Pakistan Prime Minister returned from a tour of Moslem countries to resume negotiations with the opposition Pakistan National Alliance on fresh elections, scheduled for October 7, Reuter reports from Islamabad.

E. Africa services crisis

BY JOHN WORRALL

NAIROBI, June 23.

ALMOST the last remaining common services of the East African Community, in particular its medical, agricultural and miscellaneous scientific institutions, are now faced with collapse for lack of money.

Estimates of around £40m. must be approved by the end of the month by the partner states, Kenya, Tanzania and Uganda, or *the services, which come under* the Community's general fund, will have to close down.

They include institutions carrying out valuable research into topics such as agriculture, forestry, freshwater fisheries, industrial, malaria and vector borne diseases, tuberculosis, leprosy, marine fisheries, and veterinary medicine. The East African court of appeal, the East African literature bureau, and the East African staff college are also threatened.

Efforts are being made by community officials to set up a joint meeting of the finance and communications councils, on which sit the finance and other ministers of the partner states, to approve the estimates. One big obstacle to such a meeting is the prevailing bitterness between Kenya and Tanzania, which stubbornly keeps her Kenyan border closed.

The jobs of some 13,000 men and women, including scientists and technicians and a high proportion of expatriates, are at stake.

All the big transport and communications corporations in the East African community, except the East African Posts and Telecommunications Corporation, have now been broken up into regionalised organisations.

Indian parliament language row

BY K. K. SHARMA

NEW DELHI, June 23.

THE LOK SABHA (lower house of parliament) was the scene of angry exchanges between the Treasury benches and the Congress opposition over the language issue which threatens to divide the country now that the ruling Janata Party has emerged with its base in the northern Hindi-speaking belt.

Language has always been an emotional issue, especially for non Hindi-speaking southerners who now find themselves in the opposition.

The uproar began when Mr. Raj Narain, the Health Minister, insisted on replying in Hindi to a question asked by a Congress member in English. There was pandemonium when Mr. Narain made a remark which angered the southern members so much that it was expunged by the Speaker.

Eventually, Mr. Morarji Desai, the Prime Minister, apologised to the opposition and the house for the remark, and pulled up the Minister for making it.

The incident underlines the division of the house along north-south lines. Two-thirds of the house, representing the Janata, comes from the north where the Congress did not win a single seat in the general election this year. In the opposition are about 180 Congress members, most of whom come from non-Hindi states of the south.

People in the south feel that Hindi is being imposed on them. Three decades evolved a complicated three-language compromise formula under which Hindi is the official language with English having associate status.

The danger is that north-south differences may overflow into other issues now that the Government is formed almost entirely of northerners. The language issue has never been solved and has remained dormant.

In Tamilnadu, in the south, the recent state elections have brought to power a party whose origins lie in the demands of the Tamils for protection against domination by Hindi-speaking people. These reached such dimensions that the Dravida Munnetra Kazagham easily defeated the Congress a decade ago, after hinting that it would secede from the Indian union. The demand for secession has been abandoned but it is significant that the party which will rule Tamilnadu, the Anna Dravida Munnetra Kazagham, is a splinter group of the DMK whose main plank has been protection of Tamil culture.

Likud to step up settlement

By Our Own Correspondent

TEL AVIV, June 23.

GEN. ARIEL SHARON, the new Israeli Agriculture Minister, is preparing a plan to step up the pace of Jewish settlement on the West Bank.

Gen. Sharon is expected to be appointed chairman of the ministerial committee on settlement at the first Cabinet meeting of the new Government on Sunday.

He has already announced that the work of the settlement committee will in future be characterised by a drive for widespread settlement.

At the first meeting of the settlement committee Mr. Sharon intends to present plans for additional settlements to be set up on the West Bank, over and above those for which plans have already been approved.

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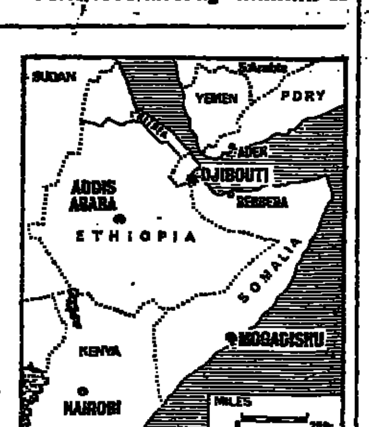
DJIBOUTI COMES OF AGE

Independence on a wing and a prayer of hope

BY JAMES BUXTON IN DJIBOUTI



DJIBOUTI, the little French colony sandwiched between Ethiopia and Somalia in the Horn of Africa, becomes an independent republic on Monday. With the ending of 117 years of French rule, European occupation of the African continent is all but over: only the tiny Spanish enclaves of Ceuta and Melilla on the Moroccan coast are left.

Though the immediate prospects for the new state look slightly better now than they have at almost any time since independence was promised 18 months ago, few of the underlying tensions of this torrid and run down territory (covering 8,000 square miles of desert and mountain) have really been resolved. There is a doleful possibility that Djibouti may be an international trouble spot for years to come.

But to look first on the bright side, the territory's two mutually suspicious racial groups, the Issas (who are members of Somali clans) and the Afars (who also live in Ethiopia) have succeeded in forming a Government broadly acceptable to most political groups. A 65-man assembly elected in May gives the Issas a majority of one over the Afars and Arabs (of whom there are two deputies) which is generally thought to reflect roughly the composition of the 240,000 strong population. Only 8 per cent. of the population voted against the single list presented to it.

The cabinet formed by the territory's Prime Minister, M. Hassan Ghouled (who is expected to be the first President), also has a slight predominance of Issas, but contains sufficient Afars to have won the support of the strongest Afar leader, M. Ali Aref. Several of his relations are included. There are encouraging signs that the two racial groups are burying their traditional hostility in the interests of creating a viable independent State.

Because the majority status of the Issas has been recognised (until a year ago France ruled through an artificially preserved Afar Supremacy) Somalia, which has a claim to the territory, has frequently asserted that it is prepared to recognise its independence. The Somali Government hopes that Djibouti may one day join Somalia, but President Siad Barre has said that even if Djibouti chose to join Ethiopia he would wish it good luck. Ethiopia, which earlier renounced any claim to the territory, has sent its best wishes to M. Ghouled, whom it says it sees as a nationalist, not a Somali stooge.

Experienced administrators and professionals are badly needed . . . the workers are mostly unskilled . . . industry consists of a small construction materials company and two soft drink bottling plants. . . .

Declared intentions aside, there are good practical reasons why Somalia is not likely to intervene to further its national aims, and why Ethiopia will not march in to safeguard its principal outlet to the sea. Somalia does not want to appear the aggressor. Ethiopia has too many other military commitments to fight a war against Somalia, and both parties are deterred by the presence of about 6,000 French troops in the territory.

France has obtained Somalia's reluctant acceptance of a continued, but reduced, military presence in the territory after independence, provided it does not amount to the status of a base. Ethiopia also appears to accept that and it is endorsed by Saudi Arabia and other Arab States who want to keep the Red Sea in friendly hands. (Djibouti is to be a member of the Arab League as well as the Organisation of African Unity.) The French forces are necessary not merely to continue the only recently begun training of a local militia, but also because their sudden departure would remove at a stroke the foundation of the territory's slender economy, which is dependent almost entirely on subsidies from France.

Now, with aid promised by Arab sources (notably Saudi Arabia) as well as by France, there is some prospect of Djibouti eventually attaining economic self-sufficiency.

But Djibouti's basic problems have not been solved and may well be insoluble even in the medium term. The chief obstacle is that Djibouti is both a Somali town and an Ethiopian port. Though many jobs have hitherto been reserved for Afars, the ending of Afar supremacy and the greater dynamism of the Issas means that more and more jobs in the administration and business are likely to go to Issas. Somalis are already moving into Djibouti from Somalia itself.

Some of these immigrants will fill a dire need for experienced administrators and professional people. But the Addis Ababa Government will understandably become alarmed if its main port starts to be dominated by sympathisers with its principal enemy. That danger exists, even if the glamour of running an independent state makes the Issas reluctant to fall in with Somalia's long-term desire to unite the two states.

Outside pressures are likely to intensify, reflecting the future of the regime in Ethiopia and the role of the Soviet Union and the conservative Arab States in the region. Pressure will fall on an unstable racial situation and on politicians who, because life has only recently been breathed into the political system, are inexperienced. Hassan Ghouled, at 61, is a veteran politician, but there are plenty of energetic, ambitious politicians with a greater inclination towards the Left who envy him his position.

The continued French military presence could pose problems in the future: it could become dragged into racial disturbances or clashes involving outside forces. How long this risk is acceptable to Djibouti's neighbours or to the French public remains to be seen. Getting the French forces out could become a potent political slogan, perhaps leading to intervention from outside to "protect" the people of Djibouti. Short-term security may have been bought at the expense of future instability.

The continued French presence could debilitate the drive for self-sufficiency. At present the colony gets about $33m. a year in revenue from the port, railway and indirect taxes. Administration costs France $140m. a year, 65 per cent. of that going on defence. Money spent by the 12,000 Frenchmen *(about half of them in the* armed forces) has been sufficient to lure to Djibouti a vast number of immigrants from the surrounding areas, but to give only a few of them jobs. In late 1975 there was a labour force of 65,000 and only 13,000 jobs, and the gap has since widened.

The very high cost structure in Djibouti (a legacy of dependence on France) and political uncertainty has discouraged creation of new industries, despite the existence of a free zone: industry consists of a small construction materials company, badly hit by the recession, and two soft drink bottling plants. Agriculture is limited by the shortage of water, industry is restricted by the high cost of electricity. The workers are mostly unskilled.

Successful economic development goes hand in hand with political stability. That can best be guaranteed by goodwill, both inside and outside the territory. The big question is how long the present supply of goodwill will last.

WORLD TRADE NEWS

U.S. plans fasteners inquiry

By David Bell

WASHINGTON, June 23.

THE U.S. International Trade Commission is to take a fresh look at exports of most types of industrial fasteners to the U.S. at the request of the domestic U.S. fastener industry and unions.

A coalition of unions and the manufacturers of nuts, bolts and screws have asked the ITC to carry out a six month inquiry into imports from Japan and a number of other countries. Last year the U.S. imported some $450m. worth of such metal fasteners.

The ITC conducted a similar investigation of this market over two years ago but ruled in a three to two decision that imports were not materially harming the domestic American manufacturers. Under the law the ITC will, at the end of six months, issue a ruling which, if it finds that imports are now damaging the U.S. industry, will be sent to President Carter who must then respond to it.

Significantly the coalition that brought the petition said yesterday afternoon that it would be prepared to settle for a so called "orderly marketing agreement" although it would prefer quotas should the ITC conclude, as the industry believes, that imports are damaging American producers.

The Administration has already demonstrated in cases involving both shoes and imports of Japanese colour televisions that it much prefers orderly marketing agreements to quotas because they are more flexible and are a way of taking the heat out of the protectionist pressure that is very strong inside the U.S.

"On the other hand officials conceded that too many orderly marketing agreements would soon seem very little different from quotas and might have a similar effect to outright quotas in precipitating a world trade battle.

Commission may hold off French textile initiative

BY DAVID BUCHAN

BRUSSELS, June 23.

IN A move to head off unilateral French action on textile imports from outside the EEC, the Brussels Commission announced to-day that it would itself shortly be taking measures against excessive textile imports. At the same time the Commission has asked Paris not to go ahead with its planned quotas. According to the latest information reaching the Commission, the French Government has so far stayed its hand, though the quotas were set to go into effect yesterday.

The Commission said that its aim in the forthcoming negotiations to renew the Multi Fibre Arrangement—the agreement that governs most of the world's textile trade—would be to limit imports of certain sensitive textile products to 1976 levels. It recognised that last year's levels had already been overtaken in some products in France and other member states. But it objected to France trying to go it alone, using the general weapon of the GATT Article 19 safeguard clause, and curbing imports from countries with which the Community has association agreements.

The Commission, as the guardian of the EEC commercial policy, considers that it alone has the right to take restrictive measures. To-day it announced that it would be taking appropriate safeguard action against countries with which it has bilateral textile accords, or general association agreements and *against state trading countries.* It would also invoke the GATT safeguard clause, if all other action failed.

It seems clear that the French moves have pushed the Commission further than it would otherwise have gone—although of course to-day's Brussels statement is as yet no more than one of intent. It had hoped to reserve its fire against textile exporting countries until the renewal get under way again next month.

The Commission to-day also gave a partial blessing to the restrictions that Italy imposed on May 27 on the import of Japanese goods in retaliation against Japanese restrictions on Italian ski boots. It approved the establishment of an Italian quota on Japanese motor cycles —because this is a product for which imports have not been liberalised at Community level. But it has asked the Italian Government to withdraw its measures against Japanese sound recording components. It has also promised to pursue the matter of Italian ski boots with the Tokyo authorities.

Reg David writes: Hong Kong textile industry leaders yesterday finished a short visit to London at which they expressed serious concern to Government ministers and officials over efforts now being made by the U.K. and other EEC countries to introduce further limitations on the growth of textile and clothing exports from the Colony in the Geneva talks for the MFA renewal round of the Gatt Multi-Fibre arrangement.

The delegation told ministers that because of the very low growth rates accepted by Hong Kong when the first restraint agreement came into force in 1974, the Colony's industry could no longer be considered a major factor in any disruption being experienced by U.K. producers. Mr. Francis Tien, leader of the delegation, also said that U.K. textile companies were now reporting successful trading at a time when Hong Kong exports were in sharp decline.

In spite of this however the U.K. Government's policy was apparently to seek modifications to the MFA which, if implemented, would have serious consequences damaging to Hong Kong's interests, he said. The delegation told the Government that continued restraints being sought would impede Hong Kong's economic progress on which all its social, educational and housing programmes depended.

EEC delegation to China

BY DAVID BUCHAN

BRUSSELS, June 23.

THE DEVELOPMENT of the EEC's trade relations with Peking—halted by the political upheavals in China last year—is to resume again when an EEC delegation visits Peking early next month. But Commission *officials said to-day that the EEC* team, led by Mr. Roland de Kergolay, a senior official, will be only conducting "exploratory talks" on the general trade agreement which the Community has been offering the Chinese since November 1974.

Trade relations have moved slower than diplomatic relations (established between the EEC and China in September 1975) partly because of the political uncertainties in China and partly, Commission officials say, because of Chinese inexperience in the field of international trade agreements. Being trade forums like GATT, the Chinese have taken time to familiarise themselves with concepts like dumping and safeguard clauses.

Trade with China brings the EEC a substantial surplus. In the first half of 1976 the Community exported $614m. worth of goods —with Germany the largest supplier, followed by France, the U.K.—and China exported to the Community $465m.

Fewer U.K. goods for S. Africa

BY BERNARD SIMON

JOHANNESBURG, June 23.

THE U.S. and West Germany last year displaced Britain from its traditional place as South Africa's leading foreign supplier, according to figures released by the Department of Customs and Excise. Last year was the second year in which the U.K. slipped from first place—in 1974 it occupied second place after West Germany.

South Africa's imports from the U.K. in 1976 totalling R1,031m., were about R.68m. below 1975 levels. As a proportion of the Republic's total non-oil and non-arms imports, Britain's share fell from 19.7 per cent. in 1975 to 17.5 per cent. last year. Ten years ago the U.K.'s share of the South African market stood at 27.3 per cent.

By contrast, imports from the U.S. jumped from R.984m. (17.7 per cent of the total) in 1975 to R1,269m. (21.6 per cent.), thus making it for the first time the biggest source of South Africa's foreign purchases.

Much of this increase was accounted for by the delivery of several new Jumbo jets for South African Airways, but even excluding these purchases, it is likely that America would have held the number one position.

Imports from West Germany last year reached R1,059m., compared with R1,039m. in 1975. Other countries with a substantial share of the South African market in 1976 were Japan (R.600m.), France (R.256m.) and Italy (R21[illegible]). If arms sales were included France's share in particular would be significantly higher.

On the export side, the U.K. easily retained its place last year as South Africa's largest foreign market. Non-gold exports to Britain were [illegible] (22.2 per cent. of the total) against R.928m. in 1975. The U.K. was followed in importance by Japan (R515m.), West Germany (R473m.), the U.S. (R.475m.) and Belgium (R.190m.).

Reservations on Japan's exports

BY DOUGALS RAMSEY

TOKYO, June 23.

JAPAN must avoid concentrating its exports in a few regions or products but "we cannot restrain cars and electrical appliances, for instance, across-the-board because of the long-term need to emphasise exports with high value added," according to Mr. Teiichiro Morinaga, Governor of the Bank of Japan.

In a speech to businessmen and journalists to-day, Mr. Morinaga pointed out that the growth of GNP in the January-to-March quarter was 2.5 per cent., but added that a full 1.5 per cent. of the total came off exports and imports.

Moreover, he said, Japan registered no growth of its exports in volume terms during the quarter even though the dollar worth of exports rose rapidly, leading observers to conclude that a major share of Japan's growth in GNP in the first quarter of 1977 is a direct result of the yen's appreciation in the period by over 5 per cent.

Taking a relatively dim view of Japan's current economic situation, Mr. Morinaga nevertheless stopped short of saying that the country may not attain the official 6.7 per cent. rate of growth in GNP for 1977.

"If growth continues as it did in the first quarter," Morinaga said, "we can attain an annual rate of 6.7 per cent. But that is not as easy as it may appear."

In particular, Mr. Morinaga expressed reservations that Japan's exports can continue to rise in volume terms after staying flat in the first quarter, and these may contribute at a lesser rate to GNP.

Growth in W. German credit cover

By Adrian Dicks

BONN, June 23.

NEW COVER worth DM.34bn. was provided to West German exporters in 1976 by the Federal Government-backed Hermes export credit insurance company, a 28.7 per cent. increase from the previous year. The growth in Hermes' business compared with a rise in West German exports of 15.6 per cent. during last year.

Detailed figures provided by the company show a leap in the coverage provided to exporters selling to the developing countries. Out of total coverage of DM.69.3bn. provided (compared to DM.48.9bn. in 1975), DM.17.2bn. was accounted for in exports to the developing countries, compared to DM.7.3bn. the year before.

Within this total, the share of the OPEC countries rose to DM.9.5bn. from DM.6.8bn., but that of the non-oil producing developing countries rose sharply from DM.500m. to DM.7.7bn. during the same period. By comparison, there was a much more modest rise in coverage granted to exports to the Socialist bloc, from DM.11.6bn. to DM.13.8bn.

Pay-outs by Hermes also increased last year from DM.29m. to DM.45.5m., consisting of DM.36.7m. paid for what the company calls "political damage," and the remainder on claims arising from purely business difficulties.

In its annual report, Hermes goes on to describe the continuing attempt to align the export credit policies of European community member-states, and refers to a number of changes made to German regulations at the beginning of last year, of which the most important was the lowering of an exporter's own liability in case of buyer default from 20 per cent. to 15 per cent. for business risks, and from 15 to 10 per cent. for political risks.

As a result of the very strong growth of demand for covers last year, which took Hermes close to the DM.75bn. limit of its Federal Government backing, the company is expecting a further increase in its operating limit of this level to DM.110bn. from the 1977 budget, *currently under debate* in the West German parliament.

Third World congestion

By Roy Rogers

Congestion in Third World ports has eased somewhat in recent months but is still tying up about 15 per cent. of the total world ocean going general cargo fleet.

H. P. Drewry (Shipping Consultants) estimate in their June shipping statistics that some 1,500 vessels totalling about 21m. deadweight tonnes are currently waiting for berths at Middle Eastern and other Third World ports at a cost of about $U.S.7.2m. a day.

Nigeria remains the worst bottleneck with waiting times of around 180 days at Lagos/Apapa although this is some improvement on March when vessels were being delayed by 200 days.

EXPORTS TO JAPAN

Continuing his series on the success of some exports to Japan CHARLES SMITH looks at achievements of BSR

Ringing the changes

ONE PROBLEM that besets many European companies seeking to sell technologically advanced products in Japan is that Japanese industry would rather buy the technology than the product. A company which has triumphantly circumvented this problem is BSR, the world's largest maker of record changers and the supplier of no less than 70 per cent. of the changers fitted on Japanese hi-fi equipment for export.

BSR does not—and will not—licence its technology, though it has had frequent approaches, including some recent ones from Korea. It earns about $20m. a year from Japan and estimates that its Japanese business, allowing for the ups and downs, has grown at an average rate of 30 per cent. a year over the past five years.

The secret of BSR's success, as Mr. Ian Shelmerdine, managing director of BSR Japan, sees it, is extremely simple. It was the world's top maker of record changers as long ago as the late 1950s, when Japan's hi-fi industry was just beginning to get off the ground. As a result it boasted economies of scale which could not be matched by prospective Japanese competitors—much as, in reverse, the Japanese steel or motor industries to-day possess economies of scale which Europe finds it hard to equal.

Importing record changers from the U.K. probably went against the grain for Japanese hi-fi manufacturers, even more in the early 1960s (when Japan had a chronic balance of payments deficit) than it does to-day. The Japanese industry, however, found it had little choice since BSR changers were specified by many of the U.S. hi-fi equipment makers for which Japanese companies were manufacturing O.E.M. equipment in the early 1960s.

At least one Japanese hi-fi manufacturer did attempt to produce its own record changers after the Japanese industry had got off the ground in the late 1960s. But the attempt was a failure, partly for reasons of cost and partly because of a high rate of technical faults and rejects. As a result BSR still reigns supreme as the supplier of changers for hi-fi equipment to be exported from Japan—though not yet as a supplier to the domestic Japanese market itself.

BSR is modest about its place in the hi-fi industry describing its products (with some significant exceptions) as being aimed at the mid-to-lower end of the market. This means that it is not for the most part in direct competition with the Japanese hi-fi makers, who go for the upper end of the market concentrating on cast aluminium turntables, for example. It also means that BSR is not especially strong in sales to "high quality" markets such as Scandinavia and Japan's own domestic market. The distinction, however, is one of cost of materials and of various refinements, rather than of technology.

BSR sells in Japan through a wholly-owned subsidiary which looks after sales, servicing and publicity. Some 90 per cent. of its customers are companies such as Pioneer (the top hi-fi maker) Hitachi, Toshiba and other electrical manufacturers. The remaining 10 per cent. are the general public to whom it sells the ADC range of magnetic cartridges (manufactured by a U.S. subsidiary) and special lines such as computerised Acutrac players.

BSR spends $200,000 a year on Japanese advertising—a minute fraction of what any Japanese electrical company would need to stay afloat in the hi-fi industry. It employs seven full-time salesmen to cover about 200 retail *outlets which it reckons provide* it with access to 70 per cent. of the Japanese market. The Japanese operation generates about 7 per cent. of the BSR group's total revenue.

Rolls wins £3m order for engines

CONTINENTAL Oil and its partners in the Murchison Field project have chosen two Rolls-Royce Olympus engines to generate electricity on their planned production platform, writes Ray Dafter, Energy Correspondent.

The order, believed to be worth about £3m., is the first big North Sea contract to be placed this year for offshore power generating equipment. The two gas turbine generating sets, each with a site rating of 21,500 kW, are due to be installed in 1979.

Gas turbine power is being installed on most of the production platforms in the North Sea. Rolls-Royce has received orders for 68 Avon, Olympus and RB-211 engines for use on platforms.

Oil pollution threat over-rated—Shell

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITAIN'S beaches are likely to escape any serious effects of oil pollution should another blow-out like that at the Ekofisk well occur, according to studies in the offshore industry.

The studies show that not only have the fears of coastal pollution been exaggerated, but the possible cost of cleaning up oil spillages will be considerably less than predicted by many of the governments which have North Sea interests.

The Shell group has produced a computer model of 5,000 theoretical accidents in a programme conducted in association with the industry's Exploration and Production Forum.

The study shows that oil would arrive on the U.K. coast in only 10 per cent. of the 5,000 cases. The maximum amount of polluting oil was unlikely to be more than 30,000 barrels—an amount which would be washed ashore in "manageable" quantities over a period of several weeks.

The U.K. would be protected to a large extent by North Sea currents and the prevailing wind.

The simulation shows that a major blow-out on the Ninian Field, involving 34,472 barrels a day, would result in no coastal pollution. The oil would drift towards the North Atlantic. As in the case of most oil spillages about half the crude would evaporate in the first two days.

Shell programmed the computer to test what might happen in the case of the Ekofisk blow-out. This showed that there was a 2 per cent. chance of a small quantity of oil reaching Britain, given certain weather and sea conditions. In the event, none of the Ekofisk oil reached land.

This is likely to be the case in most accidents. But the computer model, code-named Slik-trak, shows that there will always be an outside risk of serious pollution.

The most serious case programmed by Shell shows that as much as 100,000 barrels of oil might arrive on the Norwegian coast given certain circumstances. These include a very high flow rate from several damaged wells (about 65,000 barrels a day) continuing for three months. Even in this case only 1.5 per cent. of the spilled oil would reach land.

Shell maintains that in all North Sea blow-out cases the volume of oil likely to reach shore would be less than 5 per cent. of the oil spilled.

Petroleum law study centre

A CENTRE for petroleum and mineral law studies has been set up in Dundee University to provide post-graduate courses on the law and North Sea oil and gas and on the main characteristics of petroleum law of other countries interested in this field.

The centre, the establishment of which was announced in London yesterday by Professor Terence Daintith, its head, will aim at providing legal reference service for industry, the Government and the legal profession.

The announcement coincided with the publication of a Manual of U.K. Oil and Gas Law edited by Professor Daintith and Mr. G. D. M. Willoughby, a practising solicitor.

Both ventures have been made possible by financial support from the oil industry. The centre will be financed for the next five years by a grant of £24,000 from the Petroleum Law Education Trust and another of £10,000 from the Carnegie Foundation. Publication of the manual has been financed by Thomson Scottish Petroleum.

Orders for engineering goods rise again

Financial Times Reporter

THE IMPROVEMENT in engineering sales and orders recorded in the first two months of the year continued in March, according to the Department of Industry figures.

The improvement came entirely in the home market, and was offset by a decline in the relatively high level of export demand.

The Government sees evidence that home order books are now levelling out after a decline of more than two years. Total orders-on-hand were showing signs of rising.

During the first quarter total new orders and sales increased by 1 per cent. and total order books lengthened by ½ per cent. The trend of new home orders rose 4 per cent. during the first quarter. The trend of home sales increased by 2 per cent.

In contrast, the trend of export new orders and sales fell during the quarter. However, the receipt of new orders remained healthy as the 4 per cent. fall was from a high level and the decline in sales was only 1 per cent.

New orders continued higher than sales and so the trend of export orders-on-hand rose by 3 per cent. between December and March.

Scottish fire deaths fall

A TOTAL of 127 people lost their lives in fires in Scotland last year—the lowest figure for four years. Damage totalled £27.2m.

Mr. John Jackson, Inspector of Fire Services for Scotland, records in his annual report, published yesterday, a rise of more than one third in the number of fires—most of the increase "was accounted for by the prolonged spell of hot dry weather."

Fair trading chief asks for probe into credit cards

BY MICHAEL BLANDEN

CREDIT CARDS have been referred to the Monopolies and Mergers Commission by Mr. Gordon Borrie, the director-general of fair trading. The Commission has been asked to report within 18 months.

The investigation will concentrate on the relationship of the big credit card companies with their customers in the retail trade — their franchise services. The reference specifically excludes the credit and other services provided to individual cardholders, as well as credit provided by retailers through in-house account cards.

The main purpose will be to determine whether the big card operators are using their dominance of the market to lay down terms of trading which are against the public interest.

A major issue relates to the commission charge made to retailers.

This leads to whether the traders who pay commission are in fact subsidising the periods of interest-free credit which are given to cardholders:" and whether "prices are increased because traders are recovering the extra cost of commissions," the director general has pointed out.

The companies mainly concerned are Barclaycard (Barclays Bank) and Access (Lloyds, Midland, National Westminster and Williams & Glyn's), together with American Express and Diners Club. A fifth company, Carte Blanche, is also believed to supply similar services in the U.K.

Argument

The issue has been raised mainly as a result of a recent argument between the garage trade and the bank card groups. This concerned discount being offered by garages to cash customers at the height of the petrol price war.

Both Barclaycard and Access insist in their agreements with retailers that cardholders should be given the same terms on sales as cash customers, and have *taken steps to enforce this* arrangement.

Other companies such as American Express operate on a different basis, offering no extended credit but permitting garage customers to operate different price structures.

The Office of Fair Trading said yesterday it had received complaints about the way in which credit card companies supplied their services to retailers, with the most frequent complaints being petrol retailers.

However, Mr. Borrie has taken the opportunity to broaden the terms of the enquiry to cover the whole field of the card companies' relationship with retailers. He has suggested several areas which require investigation.

Open University applications are down by 9%

By Our Education Correspondent

RISING Open University fees and withdrawal by some local authorities of financial support for their students have been blamed for a 9 per cent. fall in applications for its degree courses. Applicants still outnumber places available by more than two to one.

Sir Walter Perry, the university's vice-chancellor, said that applications had fallen from last year's 49,956 to 45,293. The number of students asking for financial help had increased from 1,045 to 2,816.

The fee for a "credit" course at the university—six are needed for an ordinary BA degree—has risen from £25 in 1975 to £[illegible].

Industry given £6m. under aid plan

BY JAMES McDONALD

SELECTIVE ASSISTANCE—in terms of offers of £5,000 or more—amounting to about £6m. were *made in the first quarter of this* year under section 8 of the Industries Act, 1972.

In the ferrous foundry sector, five companies in Scotland are to receive nearly £350,000. Four companies in Yorkshire and Humberside, will receive just over £500,000. Two companies in the north west will get £192,750.

The most assistance (£1.9m.) has been allocated to 12 East and West Midlands ferrous foundries.

Still in the ferrous foundry sector, the *eastern sector* ranked next with a total of over £1.3m. for three companies.

The machine tool industry scheme *has been allocated much* less. Yorkshire and Humberside has two firms receiving an allocation of £248,890 and in the north west one firm being allocated £190,000. A company in the East Midlands receives assistance of £496,000.

Two companies in London and the south-east obtain a total of just over £248,000. In the eastern region, Staveley Machine Tools is allocated £98,000, and Westbrick Engineering in the south west £71,450.

Under the clothing industry scheme, a Scottish company is allocated assistance of almost £7,600; in Wales another is given a commitment of £21,800; and in Yorkshire and Humberside, a company has been offered over £95,000.

In the north west, four clothing companies have offers of sectoral assistance totalling £75,542.

Speculation fears 'may push interest rates up again'

BY MICHAEL BLANDEN

U.K. INTEREST rates are not likely to come under much further upward pressure until after the summer, Williams and Glyn's Bank says in its review of international trends.

The bank says that rates in the past month have ended their sharp downward movement and there are several factors which could push them up. They include fears about inflation and speculation against sterling—some of which was seen towards the end of last month as a result of the sharply reduced margin of U.K. rates over the U.S.

The uncovered U.K.-U.S. differential on three-month Treasury bills, the bank says, is only 2 per cent. compared with 7 per cent. six months ago. Against this, the upward pressures will be mitigated by continuing weak industrial loan demand, low growth prospects and the slower money supply growth last month.

Similar considerations apply to Europe generally with the level of interest rates likely to remain easy for a few more months. In France this easing could be reinforced if the Government's anti-inflation programme is effective, the bank says.

Slower money supply growth has also been an influence towards lower rates, particularly in the Benelux countries and in West Germany, where recent growth has been well within official targets. Devaluation fears, however, could put some upward pressure on rates in Spain and Sweden.

Later this year European rates could come under pressure as a result of a rise in the level in the U.S. After a hardening of U.S. rates early last month, they have become more stable. The stability could continue for some time if the slower rate of monetary expansion there is maintained as a result of slower economic growth.

Upward pressures should also be reduced in the near future by *hopes of a moderation in the rate of inflation*. The likely growth of the economy later in the year however, could push U.S. interest rates up.

In the month to mid-June, Williams and Glyn's says, European rates moved very little. In Austria the discount rate was raised by 1½ per cent. to 5½ per cent. on June 10, with the aim of restraining consumer credit expansion and the outflow of foreign reserves.

In Italy, on the other hand, the central bank's discount rate was cut from 15 to 13 per cent. on June 13. This reflected a strengthening of the lira on the international exchanges. Commercial bank prime rates were reduced by 1½ per cent. on June 21.

SHORT TERM INTEREST RATES AS AT JUNE 15

Country	Bank Rate %	Overdrafts %	Loans %	Commercial and Finance Paper %
FRANCE	10.50 24.9.76	11.05 plus commission of 1/20% per month on highest debit balance in month. 10.60 minimum rate "Credit mobilisable"	10.60 min. for corp borrowers.	Commercial Bills 90 days 10.60; Finance 10.60
ITALY	13 13.6.77	21	—	Commercial Bills to 180 days 20.50
HOLLAND	3.50 6.5.77	6—6.50 minimum including surcharge of 1%	—	—
SWITZERLAND	2 8.6.76	6.75—7.25 unsecured 6.25—6.75 secured	5.25	Commercial Bills to 90 days 3.75
U.K.	8 (M.L.R.) 13.5.77	9.50—14.50	9.50—14.50	Commercial Bills Bank: 3 months 7.62—7.66; Trade: up to 180 days 8.38—8.75
W. GERMANY	3.50 12.9.75	6.75—7.25 Sometimes reduced for first class borrowers.	6.50—7.25 Sometimes reduced for first class borrowers.	Commercial Bills 6.50—7.25

HOME NEWS

Record output by motor industry

By Terry Dodsworth, Motoring Correspondent

THE BRITISH motor vehicle industry had its most encouraging month for three years last month as the car manufacturers pushed up production to the levels last achieved consistently in 1973, and the commercial vehicle producers hit record levels for this decade.

The figures, issued by the Department of Industry, also show that the damage inflicted by the toolmakers' strike at British Leyland in March has had the effect of depressing the five-monthly car output record below the level achieved last year.

But it is now clear that the industry has made a strong recovery from that dispute, with the improvements recorded in April being built on last month to give a weekly output record last achieved regularly in 1973.

On the commercial vehicle side, the upturn was even more pronounced. Weekly output totalling 9,399 vehicles during the month, was well above any of the figures achieved consistently since 1968.

● Mr. Eric Varley, Industry Secretary, is to be urged to make a quick decision over British Leyland's 10-year development programme costing £1,000m. to remove growing uncertainty by management and shop floor.

The question which the vehicle industry now faces is whether it can sustain this level of production for the rest of the year.

So far, the commercial vehicle manufacturers have done extremely well this year and are producing at a level which could lead to a record year. Output last month, for example, at 37,597 units, was up 9 per cent. on May last year, and it has risen by 11 per cent. in the first five months.

On the other hand, car production, after making an encouraging start in January, has encouraging start in January, has been bedevilled by inconsistent performance, mainly as a result of disputes.

There is little chance now that the industry can recover to the higher levels of output it was experiencing at the beginning of the decade because, overall, production is still below the five-month total achieved last year.

Nevertheless, car production on a weekly average basis, at 33,404 units was almost at the same level last month as that achieved throughout 1973. For the four weeks, at 133,617 units, it was 5 per cent. above the level of May, 1976.

Production of commercial vehicles shows both a buoyant home and export market. Output for export rose by 10 per cent. last month compared to the previous year, while for the home market it was up by 13 per cent.

Japan would put £150m. in reprocessing plant

BY IAN BREACH AT WHITEHAVEN

BRITISH NUCLEAR FUELS published a summary yesterday of the contract it has negotiated for reprocessing spent fuel from Japanese nuclear power stations.

The public inquiry into its application to expand the Windscale plant, now in its eighth day, heard that the Japanese would send 1,600 tonnes of waste. As well as payment on a cost-plus basis they would advance a share of the cost of building the plant.

Their payment would be about £400m. of the £600m. British Nuclear Fuels expects to earn in foreign currency if the thermal - oxide reprocessing facility is built and overseas nuclear wastes are brought to Windscale. No-one, least of all the objectors to the plan, denies that it is a handsome commercial arrangement.

The technological and operational risks will not fall on the company, and repayment liability, according to the summary, is for all practical purposes nil.

The contract would be signed without British Government approval. Mr. Con Allday, the managing director, agreed yesterday that there might be circumstances in which plutonium separated from Japanese wastes would be stored indefinitely in this country, for example, if the Japanese refused to call for its return, or if the Government did not permit its transhipment.

Mr. Allday, the company's first witness, was answering Mr. Raymond Kidwell, QC, for the Friends of the Earth. In an exchange on uranium prices Mr. Kidwell suggested that uranium would become cheaper and more abundant than the company had indicated.

The Friends of the Earth are trying ot show that new ore finds and technical advances may bring a price of less than $15 a pound of uranium oxide in the early 'eighties.

Mr. Allday contended that this was unlikely, and disagreed with the Friends' current pricings of $20 or lower. The Canadians, he said, were charging $30 a pound for long-term contract supply of uranium, and the figure for spot buying was between $40 and $50.

The argument is a critical one, since it materially affects British Nuclear Fuels' submission that thermal-oxide reprocessing will be increasingly necessary for recycling and conservation of uranium stocks, and by implication the greater use of plutonium. If uranium were to come down in price to $10 a pound, a move to the use of plutonium fuels (in fast-breeder reactors) would make little or no economic sense.

Mr. Kidwell suggested that it should be the company's responsibility to make a substantive case on uranium costs rather than have the points put to it by the opposition.

Mr. Justice Parker, chairman of the inquiry, indicated that the company might wish to do this. He showed his kinder side by adjourning 40 minutes early to relieve Mr. Allday, who, he said, was looking tired after his long appearance on the witness stand.

Contract summary shows payment pattern

THE SUMMARY of contract makes the following points.

1. Volume of fuel to be handled, 1,600 tonnes.

2. Cost—(a) Finance by advance payments based on the customer's proportion of the total reservation of 6,000 tonnes. (b) Company to be paid on the basis of cost-plus, cost covering both construction and operation of plant and costs of return of wastes or unreprocessed fuel.

3. Technological and operational risks do not fall on company.

4. Wastes. (a) Company has option to return any waste in form "suitable for safe transportation and storage." No option to return waste unless this condition is satisfied. (b) Reprocessing of foreign fuels not to begin until company satisfied with a process for safe transport and storage. Company obliged to start reprocessing if such a process has been developed. (c) If glassification of wastes not proving successful, company can cease reprocessing, and is allowed 25 years to return the waste.

5. Return of unreprocessed fuel. Company has the right to return unreprocessed fuel, and must receive the contractual quantities up to 1990.

6. Planning permission. If the inquiry rules against the application, company is obliged to receive fuel up to 1990, being remunerated on a cost-plus basis, and customer must receive it back no later than 1995.

7. Repayment. No liability unless (a) the plant was not built using payments already received (b) Plant was not used to reprocess fuel for a customer who had made advance payment (c) Plant was made inoperable, for example by fire, in which case repayment would be made out of insurance monies.

8. Government approval. No contract to be signed without Government consent.

9. Inter-Governmental understandings. If contract signed and within 90 days no suitable inter-Governmental agreements are achieved, company has option to void the contract with no penalty.

10. Safeguards. (a) Transfer of nuclear material to be subject to IAEA (International Atomic Energy Agency) [illegible] [illegible] to include assurance that material exported will not be used for [illegible] nuclear explosive devices.

11. Plutonium. (a) To be regarded as available for a customer by the company's declaration it to be so (b) To be put in store for a minimum period of five years before use as fuel. (c) To be stored in the U.K. or at an international storage facility if available. (d) Plutonium and uranium to be transferred subject to all applicable national and international regulations.

U.S. energy plan raises fears over world uranium supply

BY PAUL CHEESERIGHT

FEARS ABOUT the supply of uranium for the world's developing nuclear power industry emerged yesterday as a strong theme during the first day of the Uranium Institute's international symposium on supply and demand in London.

The concern stemmed from the U.S. energy policy recently proposed by President Carter and the conditions being placed on the use of nuclear fuel by major suppliers. There was also disquiet about the erratic nature of consumer forecasts and the effect they have on the suppliers.

Mr. Kyoji Mizumachi, deputy general manager of nuclear power development at one of the major Japanese utilities, Tokyo Electric Power, said the change of policy in the U.S. had been a great shock.

The uranium supplier countries were supporting the U.S. "Each in its own way is imposing very severe non-proliferation measures on the use of uranium."

"The suppliers are taking the very strong stance that they will even stop the supply of uranium if agreement on these measures cannot be reached."

Uranium exports to Japan and customers in Western Europe have been frozen since the beginning of the year, pending the conclusion of talks on safeguard measures. Australia recently enunciated a stringent safeguards policy for its potential supplies.

Canada is negotiating with Euratom on behalf of the EEC, and Japan about safeguards, and Mr. George Haynal, First Secretary at the Canadian High Commission in London, told the conference that given the political will there were grounds to believe that agreement could be reached shortly. But this optimism is not shared within the uranium industry.

Canada shares the Carter Administration's concern about nuclear proliferation. The U.S. has been anxious to induce a degree of international caution about the development of uranium recycling facilities and fast breeder reactors.

Mr. Mizumachi said, however, that the introduction of fast breeder reactors was fundamental strategy in Japan. And, M. Jacques Coulore, sales manager of reprocessing at COGEMA, the French nuclear reprocessors, which operates a plant similar to Windscale, said the French Government would abide by its plans to go ahead with reprocessing and fast breeder reactors.

But Herr Peter Messer, head of the fuel department at the West German utility RWE, thought that the recycling of uranium and the use of plutonium would not change the requirements for uranium drastically until 1990.

He forecast the cumulative uranium requirements of the West at 1bn. tonnes before 1990, on relatively conservative assumptions of the growth of nuclear electrical generating capacity.

Although predictions were uncertain, this must not lead to any reduction in security of supply. "The risks involved with investment in new uranium mines must be shared in a fair way by both uranium consumers and producers."

For the U.S., the world's biggest user of nuclear generated electricity, Mr. John Hogerton, executive vice-president of the S. M. Stoller Corporation, expected an installed nuclear capacity by the end of the century of 450,000 MW, or 200,000 MW more than the expected by the Carter Administration.

The uranium requirement in the U.S. would rise from 40,000 tonnes this year to 45,000 tonnes by 1990, about the time the U.S. would be moving into what he called a "recycle fuel economy."

Slight increase in U.K. share of world chemical trade

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE U.K. slightly increased its share of the world chemical market last year, but still ranks behind the U.S., West Germany and Japan.

Imperial Chemical Industries held its position as fifth largest chemical company on total sales, in spite of the decline of the value of the pound last year, and in terms of profitability it climbed from third to second place behind the U.S. multinational Dow Chemical.

According to a survey of the world's leading 200 chemical companies published by the weekly magazine, Chemical Age, the U.S. and the EEC increased their shares of the world market last year.

The main areas to lose out were the Scandinavian countries, which are heavily committed to the fertiliser industry, which suffered many problems last year and Japan which is finding exports to its traditionally captive markets in the Far East increasingly difficult.

World chemical output rose by 8.6 per cent. last year the survey shows, and sales of the top 200 companies, running at a little over $235bn., are higher than 1974.

There were poor profit performances by several fertiliser and synthetic fibre producers as well as by some Japanese companies, but generally there appeared to be a significant increase in profit margins last year.

The U.S. chemical industry has gained a greater market share over each of the last three years and, at 44.9 per cent. of the sales of the top 200 companies, it has passed the levels of 1973.

West Germany, with three of the world's top five chemical companies Hoechst (1), BASF (2) and Bayer (4), has also increased its world market share to reach 17.9 per cent. last year.

Japan, in third place, has dropped to a share of 10.6 per cent. and the U.K. is fourth with 7.4 per cent.

The only U.S. company in the top five on total sales is Du Pont, which comes third, but Dow Chemical tops the list of biggest profit earners with $1.034m. with ICI with $373m. However, under inflation accounting ICI's position would have been considerably lower.

Beechams is the only other U.K. company to be listed in the top 50 chemical companies on sales, slipping from 39th in 1975 to 41st last year. Royal Dutch/Shell is 13th.

The survey says that U.K. and Japanese companies appear to be spending less on research as a proportion of sales and in absolute terms than the Swiss and West German companies.

Clothing industry image criticised

By Rhys David, Textiles Correspondent

THE CLOTHING industry needs to improve its reputation in the City so that it will find it easier to raise credit and discounting facilities for increasing production and exports, according to the Bank of England study team under Mr. Pat Koppel.

Mr. Koppel, a former deputy chairman of Courtaulds, started his study of the industry seven months ago as part of a Bank exercise intended to increase the involvement of the City institutions in industry.

He told the Overall Manufacturers Association in Manchester yesterday that misunderstandings in the industry and in the banking sector needed to be cleared up.

It had been found that even in large organisations in the industry there was a lack of understanding about the proper way to order finances. Bankers failed to grasp the industry's problems and prospects.

Mr. Koppel's team—the first to be set up by the Bank to look at a particular sector—is examining the possibility of forming an export advisory body for textiles and clothing, intended particularly to help smaller bodies, many of which are afraid of entering export markets.

Much of the team's efforts had gone into advising companies in the industry, Mr. Koppel said. Further references were being sought from companies with problems requiring attention.

A comprehensive picture was being built up of the difficulties facing individual concerns and the industry as a whole from talks with companies.

The Bank had selected clothing because it had been established as the industry with the weakest performance in terms of resistance to imports and development of exports, yet it stood in a crucial position as the end-user of much of the output of the fibre and fabric sectors.

At a time when there was an over-capacity of 25-30 per cent. in fibres in Europe it had become essential to strengthen the position of clothing to ensure a substantial domestic market for fibre and fabric production.

Union investment proposed for small businesses

BY MARGARET REID

A SUGGESTION that trade unions might put funds into small but promising private business ventures has been made in a memorandum to Sir Harold Wilson's committee on financial institutions.

It comes from Mr. Nicholas Stacey, deputy chairman of Chesham Amalgamations and Mergers. He was asked by the committee to give evidence in his personal capacity as a specialist in small businesses.

Mr. Stacey agreed with the widely-held City view that funds were in general "quite accessible to would-be borrowers in manufacturing and trading." But he thought that this might not necessarily be the case for the small man about to start his business or needing an injection of new equity to put his company on a firmer foundation.

His memorandum, which was "principally concerned to bring about improvements in the supply of funds to the little man who may be an innovator or an entrepreneur," made several suggestions.

He would like to see the big clearing banks more fully used as "an admirable information network," about where small businesses should seek cash backing to exploit a new idea or expand a modest-sized concern.

He also suggested a broader role for insurance brokers in helping small businessmen.

Joint action by various institutions in financing smaller businesses was also suggested. There might be considerable merit in such bodies as the clearing banks and pension funds pooling their talents and some of their funds to finance grass roots organisations. "Syndication has advantages in this not so well explored field."

The advantage Mr. Stacey saw in the trade union backing he suggested for small businesses was that in this way the unions would support worthwhile new industrial developments, gaining added insight into the problems of risk-taking.

He referred to the claim sometimes made that take-overs were a substitute for industrial investment and consequently hit the pool of capital outlays by industry on new plant. He cited figures of acquisitions and of capital investment in 1970-76 which, he considered, gave no support to the theory.

More U.K. flights to U.S. west coast

By Christopher Dunn

BRITISH AIRWAYS has reacted immediately to the renegotiation of the Bermuda agreement governing flights between Britain and the U.S.

It will begin non-stop services between London and San Francisco next spring. The service was described last night as "one of the benefits to emerge to British Airways" from the negotiations.

Growth

The service will increase substantially the airline's exposure to the west coast of the U.S. It has a daily service to Los Angeles which is operated in conjunction with Air New Zealand.

It is clear that British Airways is expecting substantial growth in west coast traffic. From April 1 next year, the airline plans to increase carrying capacity on the London/Los Angeles route by running 747s five days a week and DC10s two days.

The airline said last night that in three years the new Bermuda agreement would allow it to operate direct between London and Dallas/Fort Worth, and it intended to introduce the service immediately it was possible.

House cost ceiling raised

BY OUR BUILDING CORRESPONDENT

AN INCREASE in the general level of the housing cost yardstick, which sets maximum cost limits for local authorities seeking housing subsidies, was announced yesterday by the Department of the Environment.

The latest 2 per cent. increase, which follows a regular quarterly review of the yardstick, means that it has risen by 10 per cent. from the level set in June, 1975, when the yardstick was first introduced in 1967.

The Department also announced alterations in the regional variations to the cost changes, to take account of recent tendering experiences.

The variations for the Northern, Yorkshire and Humberside and North-West regions are increased from nil to 5 per cent. for variation of price contracts, and from 5 per cent. to 11.5 per cent. for firm price contracts.

All schemes in tenders accepted by authorities on or after yesterday qualify for the increases.

U.S. company hopes for Navy harpoon order

By Christopher Dunn

McDONNELL DOUGLAS, the U.S. aerospace manufacturer, is confident of winning the contract to supply the Navy with submarine harpoon anti-ship missiles by the autumn, it was disclosed yesterday in London.

Mr. Wil Mittelbach, of the company's London office, said that the contract could be worth between $150-200m, and that McDonnell Douglas was sufficiently confident of being awarded the contract to have worked out some of the details of the offset programme.

The company is planning to award roughly a third the value of the contract to U.K. manufacturers, or about $60m. worth.

LABOUR NEWS

Post Office engineers seek 35-hour week

BY OUR OWN CORRESPONDENT

THE BLACKPOOL conference of the 125,000-strong Post Office Engineering Union yesterday decided to call for a cut in the working week from 40 hours to 35 hours as soon as Phase Two of the social contract expires on July 31.

It was decided that the union was ready to launch a campaign of widespread industrial action if this objective was not achieved by October 1.

Among the methods to be used are refusal to co-operate in productivity, the commissioning of new exchanges and exchange extensions; a work-to-rule; controlled selective stoppages; a national one-day strike; and a unilateral refusal to work more than 35 hours a week.

Tacked on to this was a rider demanding that as soon as the 35-hour week target had been achieved the union should aim at a four-day week.

The executive was in favour of going for a 37½-hour week, by industrial action if necessary, to bring engineers level with others in their department of the Post Office. The leaders considered the 35-hour week in one stage was an unattainable target.

The tougher policy emerged from two card votes. First the executive's more moderate approach was strengthened by a militant amendment by a vote of 62,647 to 59,886, and then the amended policy was approved by a vote of 87,820 to 65,033.

This was done although the union earlier this week committed itself to abiding by Phase Two of the social contract.

The Post Office engineers are due to receive Phase Two rises ranging between £2.50 and £4.00 at the end of this month. Under the 12 months rule of the social contract they cannot have any more concessions until July year.

Mr. Bryan Stanley, the ur general secretary, said: "Wi seeking an agreement as as possible after August 1. don't know at this stage the terms of that agreement be and when it will be i mented."

The decision to strengthe executive's attitude was tak spite of a fervent plea realism by Mr. Stanley, warned the delegates it w inevitably mean a fight.

The conference yest elected the two men who serve at top level on the Office Board under the indu democracy plan for the Office. It is hoped to put into operation next Jan They are Mr. Arthur Simp member of the executive, Mr. Peter Shaw, the un research officer.

Shipyards to stay open, says State group

By Ray Perman, Scottish Correspondent

THE MANAGEMENT of British Shipbuilders, which takes over the industry after nationalisation a week to-day, told shop stewards yesterday that it had no plans to either close yards or declare redundancies.

Trade unions have been concerned about the possible loss of jobs since the middle of last year, when Mr. Callaghan and other Ministers began saying that because of the shortage of orders some rationalisation would inevitably follow public ownership.

The joint shop stewards' committee held a meeting at Govan Shipbuilders in Glasgow, with Admiral Sir Anthony Griffin, chairman of the new shipbuilding corporation; Mr. Kenneth Griffin, deputy chairman; and Mr. Michael Casey, chief executive.

They made it clear that so far they had drawn up no plans for the industry's contraction.

Positive

After the meeting, Mr. Jimmy Airlie, chairman of the stewards' committee, said some positive statements had been made.

"They said they were actively engaged in seeking the orders that would be necessary to give the industry a breathing space until 1980. We indicated that given jobs security the work force would respond in a very positive manner."

Mr. Airlie added that the relaxation of restrictions between trades at Govan, announced at the end of last year, had resulted in productivity increases, particularly in outfitting.

With goodwill, there were further improvements that could be made by the Govan workforce and he thought the benefits could be spread throughout the industry.

* * *

● Mr. John Chalmers, general secretary of the Boilermakers Amalgamation, gave a warning at the Confederation of Shipbuilding and Engineering Union conference in Scarborough yesterday that redundancies were "just not on." He accepted that large number of workers would be leaving the industry through retirement, but early retirement must be voluntary.

GEC and Parsons' stewards meet

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT, IN YO

SHOP STEWARDS from the two turbine generator manufacturers, GEC and C. A. Parsons, met yesterday for the first time to discuss their disagreement about the proposed merger of the two companies under the control of Sir Arnold Weinstock of GEC.

No firm decisions were made at the meeting in York, which both sides described as amicable, except to resume discussions another day.

Mr. Alec Green, chairman of the GEC Joint Shop Stewards, would not comment directly on the stand taken by the Confederation of Shipbuilding and Engineering Unions on Wednesday that any merger must be with majority control by the National Enterprise Board.

But he made it clear that he thought the merger should go ahead with Sir Arnold Weinstock in control. Enterprise Board control "would not work," he said.

Although the confeder has backed the 6,000 worke Parsons—which desper needs to be rescued—some u leaders admit that GEC has to wait long enough for Par to fall into its lap.

For Parsons a quick dec on the ordering of another p station at Drax in Yorkshir vital. But, as Mr. Green yesterday, Drax was irrele to GEC. "That's in the s term, what we want is w orders."

Now unions are waiting fo Government to decide whe to go ahead with the merge Sir Arnold Weinstock's te despite strong union opposi and the possibility of indus action or a sit-in by Par workers on Tyneside.

The other part of the pla save the British power engin ing industry is to merge boilermaking interests of cock and Wilcox and Cl Chapman.

Inter-union membership battle takes new turn

BY OUR LABOUR CORRESPONDENT

ANOTHER SHOT has been fired in the battle between Mr. John Lyons's power engineers' union, EMA, and fellow TUC-engineering unions, which are bitterly contesting its entry into the private sector.

The Electrical and Plumbing Trades Union has acquired the Association of Managerial, Electrical Executives (AMEE) which has about 560 members in top management jobs in the State electricity supply industry, EMA's traditional base.

The merger of AMEE with the electricians' white-collar section EEST gives the electricians their first managerial members in the nationalised industry.

It is understood that AMEE went to the electricians, who dominate the manual side of the industry, because EMA w not give it sufficient autono A suggestion by AMEE tha should form a new union the managerial sections of E and the National and Local ernment Officers' Associa within electricity supply rejected.

The acquisition has given electricians some satisfaction cause they, along with the of the Confederation of S building and Enginee Unions, are trying to stop E getting recognition in pri engineering industries.

Their anger has been fur aroused by the recent news EMA had merged with a shipbuilding staff associat SAIMA, to give it a foothol the newly nationalised indust

Lift engineers stay away

BY OUR LABOUR STAFF

A MASS meeting of strikers in the Otis Elevator maintenance engineers dispute decided against a return to work yesterday, leaving office workers and flat dwellers in London and many other areas of the country without lifts—in some cases for the fifth week running.

About 1,200 engineers in the company are involved in the unofficial strike which has affected Otis services in nearly half the area covered by the company's maintenance network.

This stretches from Glasgow in the North to Brighton in the South.

In a statement last night, John Cunningham, chief exe tive, said that the chief probl at present was the strik refusal to return to work so t talks on their demands co begin.

This was in spite of comp assurances that those who been suspended would be re stated as soon as they resum work.

The strikers have inst asked for the intervention of Advisory, Conciliation and A tration Service.

Pension scheme decision given warm welcome

By Eric Short

THE TUC General Council's decision to allow improvements in pension schemes after July 31 was warmly received yesterday by sections of the pensions industry.

Mr. Sid Phillips, president of the Society of Pension Consultants, said that the industry had urged the Government for many months to announce a date from which meaningful alterations and improvements in occupational pension schemes should be made.

With the freedom granted from August 1, pension consultants would be able to move forward more rapidly with discussions with employers, employees and their trade unions for contracting out.

Mr. Phillips said that improvements to schemes beyond the minimum contracting out requirements could now be considered without restriction.

Schemes could be amended and improved in a sensible fashion and, where minimum alterations had been negotiated could be combined with further improvements so that they came into operation simultaneously.

The Legal and General Assurance Society, the largest pensions company in the U.K., said that it had been pressing to free pension restraints for some time. The news was particularly in the interest of works employees and women — the employees most in need of pensions improvements.

Walkout hits TR7 output

PRODUCTION of Leyland's TR7 sports car at Liverpool is threatened by a walkout of 20 axle welders at the Coventry transmissions plant.

Management yesterday refused to pay them for failing to reach standard work performance, and the men walked out.

Fulmar raises new hopes

SHELL/ESSO's new Fulmar Field, announced yesterday, is an exciting discovery. It appears to be several times the size of its neighbour Auk with perhaps 250m. to 500m. barrels of recoverable reserves. But, more significantly, it could provide the key to a new spate of discoveries in that central area of the North Sea.

The field, in the Auk block 30/16, was found in Jurassic sandstone, the first time that this rock structure has been proved to contain significant quantities of oil in this particular region.

There are many Jurassic fields in the U.K. sector of the North Sea, including all those discoveries in the Brent formation, but they lie at least 150 miles to the north of Auk.

Auk itself, together with Hamilton Brothers' nearby Argyll Field lie in the Zechstein portion of the much older Permian system of rocks. Zechstein and Rotliegendes formations have proved more profitable hunting grounds in the southern and central sectors of the North Sea. The dozen or so wells which have located Jurassic in this complicated geological region of the central North Sea have been far from encouraging, by all accounts.

The Fulmar discovery may well entice companies to think again, however.

Shell is already drilling an exploration well on block 29/15 on behalf of Ball and Collins (Oil and Gas), a commitment which will earn the Shell group a 50 per cent. stake in the block. This well, the 1,000th to be drilled on the U.K. Continental Shelf, is now at a depth below 11,000 feet. Possible oil-producing Jurassic is one of the targets.

Coincidentally, the Fulmar Field was discovered at a depth below 11,000 feet. Over 100 feet of pay zone was encountered, although how much over is being kept a secret. What is known is that the well has been tested at a rate of 4,000 barrels per day.

This was no chance discovery. The first well on the structure was sunk in 1973 and the Jurassic promise was noted then. Although much evaluation work, including a three-dimensional seismic programme, needs to be done, Shell appears optimistic about Fulmar's commercial potential.

The group is already talking about ordering a platform within about 18 months. It would probably be a steel structure, capable of handling a production rate in the region of 150,000 barrels a day, although this will depend on the final size of the field reserves. This projected output is more than twice the May rate of production from Auk so it is likely that Shell/Esso will have to provide either new offshore loading facilities, perhaps with storage facilities, or a pipeline possibly shared with other operators. The development is likely to cost £300m. to £500m.

Fulmar joins a new generation of North Sea fields which, when developed, could be governed by a different set of operating conditions than applied with the first batch of commercial discoveries. For one thing, the Government has reserved the right to impose tougher depletion policies in order to match output to demand. The development and production methods of the new fields will also be influenced by the changing climate of public and political opinion relating to safety regulations and pollution controls.

Mesa Petroleum, as operators for the Beatrice Field, could find themselves providing a test case for the new conditions. The field—again, a "breakthrough" find in a new area—was discovered in September, 1976.

It is too early to say whether Beatrice will be seriously affected by depletion controls. At the moment it seems unlikely. The field is small by North Sea standards—with possibly 250m. to 450m. barrels of recoverable reserves—so it will not have a major impact on Britain's oil supplies.

But Mesa has clearly been tossed into the environmental debate. As an inshore field, situated in fishing grounds, it was inevitable that Beatrice would arouse local passions. It has, Mr. John Robertson, chairman of the Highland Regional Council, has called Mesa's plans "bordering on the cheapjack and nasty." The development could cost up to £300m., a relatively low figure by North Sea standards, thanks to the use of only shallow-water production platforms. But it is Mesa's plan to use an offshore loading system, rather than a platform which is at the root of the fuss.

Mesa is surprised by the strength of Mr. Robertson's comment, so it is going back to the Council to provide more information. No doubt the oil group will stress the characteristics of the Beatrice oil which is too waxy to run through pipelines in the normal way.

The reasons for choosing offshore loading appear to be sound, but Mesa will have to go to considerable trouble in convincing the local community that the environment will not be harmed.

This leads, indirectly, to Wednesday's inter-Government talks in Norway on offshore environment and safety controls. The meeting was predictable. All the North Sea states wanted to review what had been learned from the Ekofisk Field well blow-out in April.

In some ways, the outcome of the meeting was also predictable. The countries are to establish a permanent secretariat to supervise the 1969 Bonn Agreement on the common obligations of North Sea countries in the event of oil spills. They will also encourage oil companies to develop a joint organisation to fight spills; co-operate in research and development on pollution control; and establish mutual assistance and joint emergency arrangements for large areas of the North Sea.

There is still much confused thought within governments, environmental organisations—and within the oil industry itself—about the effects of well blowouts and oil spillages and about the cost of tackling the problems.

This was clearly demonstrated by the governments of the nine North Sea countries when their technical advisers set about looking at the potential damage of spillages with a view to establishing a statutory insurance liability for oil operators. The estimates of the maximum cost of any major incident ranged from $30m. to as much as $275m. This higher figure presumably assumed that a blow-out would occur close to the shore, in the height of the tourist season, at a time of fish spawning, with the wind constantly blowing the oil towards beautiful beaches.

In the end, the inter-governmental convention set the limit of liability at the equivalent of $35m. This could be regarded as a minimum maximum, however. For the agreement includes a clause which permits any state to impose on an operator in its own territory higher or even unlimited liability.

Not surprisingly, oil companies have been anxiously trying to establish just how much a major spillage could cost. Here the Ekofisk experience is providing some valuable information and—surprisingly, in view of all the fuss at the time—some encouragement.

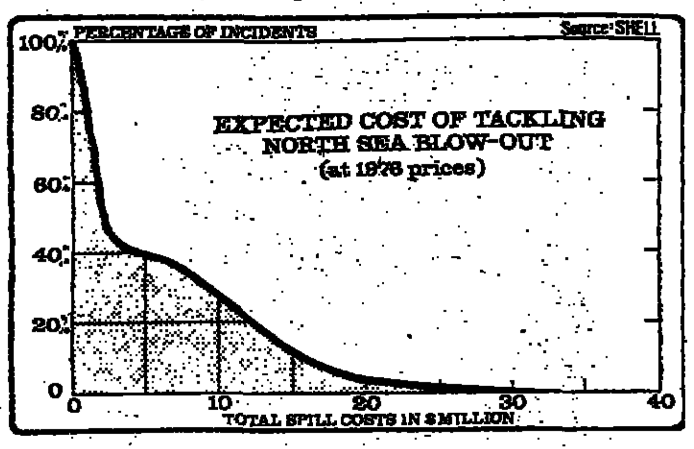
"Few people were convinced when we first told them that more than 95 per cent. of oil from any North Sea blow-out would disappear before reaching shore," said Mr. Guus Glass, one of the Shell team responsible for a computer model of the effects of oil spills. "The Bravo blow-out seems to indicate that, if anything, our estimates were too pessimistic."

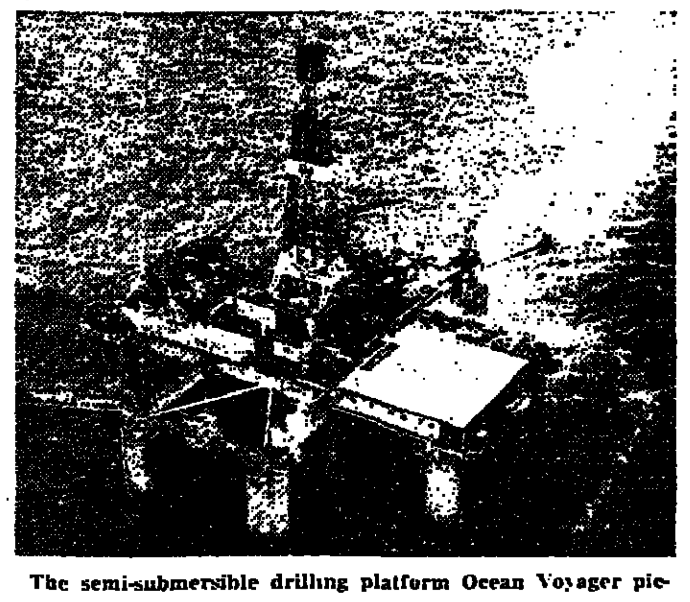
In the event, none of the oil from Ekofisk arrived on shore, although computer calculations had showed that perhaps 1 per cent. of the spilled crude might reach the coast of at least one country. Shell used 2,000 computer permutations to evaluate, for its own interest, the possible effect of Ekofisk. The study showed that the U.K. had a 2 per cent. chance of experiencing coastal pollution, although no more than 8.7 barrels of oil were expected to cause trouble. Denmark stood the greatest risk of pollution—there was a 58 per cent. chance that oil would reach its shores—although the spilled crude would have reached Norway in the greatest quantities (up to 30 barrels). The study also showed that Denmark and Norway would have had about a month in which to prepare for the oil which, in any case, would have arrived in small quantities.

The Ekofisk experience is likely to lead Shell to re-evaluate some of the factors incorporated in its computer model, code-name Sliktrak.

However, the overall conclusions of Sliktrak remain valid: the volume of oil likely to reach shore from any North Sea blowout is less than 5 per cent. of the total spill; it would take several weeks for the oil to arrive on shore; and that the oil would be washed ashore in manageable quantities.

Shell has developed Sliktrak, in conjunction with the oil industry's Exploration and Production Forum. The Forum, for instance, has estimated that every barrel of oil which reached the shore could cost the industry $160 in damage to fishing, lost fishing days, disrupted tourism and clean-up operations. When the offshore clean-up costs are added it appears, from the computer model, that in 90 per cent. of the blow-out incidents that will arise, the total costs will be between $500,000 and $16m. The average cost could work out nearer $6m.





The semi-submersible drilling platform Ocean Voyager pictured this week flaring gas from the new Fulmar discovery.

APPOINTMENTS

Lord Thomson of Monifieth to join Board of ICI

Lord Thomson of Monifieth is to join the Board of IMPERIAL CHEMICAL INDUSTRIES as a non-executive director on July 1. Lord Thomson was MP for Dundee East from 1952 to 1972 and is a former Secretary of State for Commonwealth Affairs and Chancellor of the Duchy of Lancaster. He was until the beginning of this year the Member of the Commission of the European Communities with special responsibility for Regional Policy.

★

Mr. V. F. Roberts has been appointed director and financial controller of OCEAN FLEET, the ship management subsidiary of Ocean Transport and Trading. He was previously financial controller of the Ocean Cory Division. Mr. A. G. Stanton has become personnel director and Mr. D. S. Goldie finance director of the Ocean Cory Division. Mr. Antony Palmer has been made managing director of McGregor Cory Haulage in place of Mr. Stanton.

★

Mr. Francis Perkins, chairman of the British Insurance Brokers' Association and chairman of the U.K. Insurance Brokers' European Committee, has been elected chairman of the common market committee of the BUREAU INTERNATIONAL DES PRODUCTEURS D'ASSURANCES & DE REASSURANCES.

★

The NATIONAL ECONOMIC DEVELOPMENT COUNCIL has appointed Sir John Buckley as chairman of the new Economic Development Committee for the Process Plant Industry. Sir John is chairman of Davy International and Alfred Herbert. He served for four years on the British Overseas Trade Board and was chairman of its Overseas Projects Group.

★

Mr. Michael J. Bonser, recently assigned from London to BANKERS TRUST COMPANY's branch in Panama City, Panama, to set up Eurodollar dealing and operations there, has been promoted to assistant vice-president.

★

Mr. Mark Littman has been appointed a non-executive director of GRANADA GROUP. Mr. Littman is deputy chairman of the British Steel Corporation and a director of Commercial Union Assurance and Rio Tinto-Zinc Corporation.

★

Mr. D. C. Cave, managing director of Metering Pumps, has been appointed to the Board of the MONO GROUP. Metering Pumps is part of Mono Group Pump Division.

★

Mr. J. A. Chester has become director of finance and Mr. F. C. Martin director and company secretary, of BAILEY METERS & CONTROLS. The appointments follow the purchase by Babcock and Wilcox Limited of 25 per cent. shareholding in Bailey U.K. previously owned by the entirely independent Babcock and Wilcox Company of the U.S. The British Bailey company is now a 100 per cent. subsidiary of Babcock and Wilcox Limited. Mr. R. J. Cantwell and Mr. H. D. Kurt of Babcock U.S. have resigned their directorships of Bailey U.K. (American Babcock was at one time a minority shareholder in Babcock and Wilcox Limited, but the U.K. and U.S. companies are now completely separate).

★

Mr. John F. Cowell has been appointed director of SCHOELLER BLECKMANN STEELS (G.B.). He joined the company in 1968.

★

Mr. Douglas S. Morpeth has been appointed a director of BRIXTON ESTATE. Sir Robert Black and Mr. Edward F. Webb have retired as directors.

★

Mr. Alan F. Baer has been appointed managing director of McLEOD RUSSEL (SWITZERLAND) S.A., which has been established in Switzerland by McLeod Russel and Co. to engage in commodity broking and trading.

★

Mr. Richard Carden, an assistant general manager of Barclays Bank, has been seconded to BARCLAYS BANK INTERNATIONAL and appointed an assistant general manager, head office.

★

Mr. R. Yore is to become secretary of the ASSOCIATION OF INSURANCE BROKERS on July 1. He will succeed Mr. Bryan Potter, who is leaving at the end of this month to take up a post with Schroder Life Group at Portsmouth.

★

Mr. Arthur Hawes has been appointed to the Board of VICKERYS as director and general manager. He was previously chief accountant.

★

Mr. H. P. B. Cox has been elected to the Board of KRISHIP SHIPPING COMPANY.

★

Mr. J. A. S. Hepburn will retire from the Board of JOHN LAING PROPERTIES and subsidiary and associated companies on June 30. He will be retained as agent and consultant and similarly by the John Laing Pension Trust.

★

Mr. George Weinberger, chairman of the general import practices committee of the British Importers Confederation, has been elected a vice-president of the CENTRE INTERNATIONAL DU COMMERCE DE GROS INTERIEUR ET EXTERIEUR.

Industrial trading profits up by 31%, says survey

BY KEITH LEWIS

THE TRADING profits of 395 industrial companies covered in the latest Financial Times survey have shown an average gain of 31.9 per cent., which establishes a clearly improving pattern over recent months.

The latest rise compares with a 24.8 per cent. improvement up to the end of April. The return on capital employed has also continued to advance at 17.2 per cent., it compares with 16.4 per cent. in the previous survey and 14.9 per cent. a year ago.

Within the sectors that go to make up the industrial picture the 53 consumer durables have shone with an overall rise in trading profits of 83.2 per cent. However, much of this outstanding performance can be put down to motor distributors —218.6 per cent. higher—which in turn reflects the massive turnround by British Leyland from losses of £76m. to profits of £56m.

Also in that sector, electronics, TV and radio put up profits by 60 per cent., which compares with a gain in the previous survey of 23.4 per cent. The difference is again accounted for by the performance of one large company—in this case, BSR, whose profits shot ahead from £10m. to £29m.

The 161 companies comprising the capital goods sector were slightly below par in the industrial picture with a rise of 28.9 per cent. This is an improvement on the previous survey which showed a rise of 18.8 per cent. A persistent laggard in the group is machine tools, where seven companies showed a rise of 16.2 per cent.

The consumer non-durables which, as a group, showed a gain of 28.2 per cent., against a rise of 21.3 per cent. up to the end of April, had a notably weak area in stores—a feature, too, of the last survey.

Only two of the smaller companies were involved in the latest figures which show a decline of 4.9 per cent. The previous survey, which contained five representatives, registered a drop of 13.7 per cent.

The financial sector as a whole has recorded a much better performance all round, with overall progress of 39.2 per cent. from 114 companies. The figures from the banks contain the "big four" U.K. clearers plus Grindlays.

The survey illustrates the continuing fortunes of the insurance brokers. Seven companies this time have lifted trading profits by an average 39.6 per cent. The year-on-year figures ending last month showed the brokers up by 23.1 per cent., which was further ahead of the financial sector gain of 16.1 per cent. on that occasion.

Investment trust and hire purchase company profits continue to be the laggards of the sector.

TREND OF INDUSTRIAL PROFITS
ANALYSIS OF 521 COMPANIES

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 521 companies whose account year ended in the period between October 15, 1976, and January 14, 1977, which published their reports up to the end of May, 1977. (Figures in £000.)

INDUSTRY	No. of Cos.	Trading Profits (1)	% change	Profits before Int. & Tax (2)	Pre-Tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% change	Ord. Dividends (6)	% change	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap'l % (9)	Net Current assets (10)
BUILDING MATERIALS	38	406,765 (323,769)	+25.6	288,541 (231,381)	251,286 (190,486)	124,478 (95,207)	114,477 (86,432)	+32.4	41,464 (34,771)	+19.2	174,698 (137,930)	1,751,136 (1,458,699)	16.5 (15.9)	486,178 (420,610)
CONTRACTING & CONSTRUCTION	25	205,069 (152,804)	+34.2	149,980 (114,661)	128,227 (89,032)	64,519 (52,649)	58,943 (36,552)	+61.3	8,596 (7,328)	+17.3	96,040 (69,015)	796,905 (670,082)	18.8 (17.1)	256,102 (197,148)
ELECTRICALS (EX ELECTRN. ETC.)	6	101,662 (80,429)	+26.4	76,190 (58,295)	61,969 (42,729)	31,015 (17,858)	23,289 (18,051)	+29.0	11,913 (9,573)	+24.4	35,771 (29,832)	483,742 (445,170)	15.7 (13.1)	174,258 (133,359)
ENGINEERING	70	676,895 (523,764)	+29.2	545,462 (420,125)	451,786 (338,753)	225,766 (174,374)	215,089 (154,738)	+39.0	64,788 (55,170)	+17.4	275,763 (190,807)	3,217,221 (2,681,148)	16.9 (15.7)	1,273,091 (1,057,554)
MACHINE TOOLS	7	17,613 (15,158)	+16.2	13,782 (11,815)	11,291 (8,548)	6,039 (4,826)	5,112 (4,560)	+12.1	1,931 (1,673)	+15.4	6,216 (5,491)	84,541 (75,120)	16.3 (15.7)	50,299 (43,030)
MISC. CAPITAL GOODS	17	128,772 (96,421)	+33.5	103,756 (75,206)	83,478 (55,997)	38,718 (28,645)	37,728 (23,334)	+61.7	13,922 (12,508)	+11.3	45,215 (29,128)	625,742 (482,224)	16.6 (15.6)	217,119 (206,705)
TOTAL CAPITAL GOODS	161	1,536,776 (1,192,345)	+28.9	1,177,711 (911,483)	987,987 (725,545)	490,535 (373,559)	454,638 (323,667)	+40.5	142,614 (121,023)	+17.8	633,703 (462,203)	6,959,287 (5,812,443)	16.9 (15.7)	2,457,047 (2,058,404)
ELECTRONICS RADIO & TV	6	62,010 (38,762)	+60.0	50,112 (30,448)	44,684 (23,904)	19,878 (8,638)	23,462 (13,315)	+76.2	5,178 (3,256)	+59.0	29,475 (17,461)	205,290 (170,907)	24.3 (17.8)	94,948 (78,546)
HOUSEHOLD GOODS	16	48,584 (46,343)	+4.8	39,059 (37,619)	35,550 (34,471)	17,123 (17,799)	18,155 (16,472)	+10.2	6,296 (5,761)	+9.3	20,247 (18,361)	206,881 (187,676)	18.9 (20.0)	125,981 (111,213)
MOTORS & COMPONENTS	12	183,027 (128,652)	+42.3	127,031 (80,318)	80,582 (41,837)	59,579 (40,850)	7,062 (−8,801)	+180.2	8,886 (7,070)	+25.7	52,545 (31,391)	1,066,826 (854,851)	11.9 (9.4)	402,316 (277,388)
MOTOR DISTRIBUTORS	19	230,821 (72,453)	+218.6	169,447 (11,584)	88,450 (−54,635)	37,519 (11,491)	57,045 (−67,606)	+184.4	5,442 (4,062)	+34.0	110,820 (−13,937)	931,318 (825,019)	17.1 (1.4)	198,551 (−8,250)
TOTAL CONSUMER DURABLES	53	524,442 (286,210)	+83.2	375,849 (159,964)	249,266 (45,577)	154,099 (78,778)	105,724 (−46,621)	+326.8	25,802 (20,149)	+28.0	215,987 (53,276)	2,411,315 (2,038,453)	15.6 (7.8)	821,796 (458,917)
BREWERIES	2	3,533 (2,635)	+34.1	3,278 (2,428)	3,190 (2,324)	1,696 (1,237)	1,494 (1,087)	+37.4	566 (296)	+91.2	1,069 (901)	12,407 (10,199)	26.4 (23.8)	1,133 (126)
DISTILLERIES & WINES	4	19,051 (13,873)	+37.3	16,562 (11,673)	11,728 (7,791)	5,908 (3,443)	5,788 (4,329)	+33.7	1,562 (1,441)	+8.4	6,243 (4,549)	103,116 (88,267)	16.1 (13.2)	44,505 (33,240)
HOTELS & CATERERS	3	58,736 (44,914)	+30.8	44,119 (31,953)	26,283 (13,136)	13,645 (5,992)	11,313 (5,726)	+97.6	7,724 (6,345)	+21.7	17,303 (11,514)	382,588 (327,756)	11.5 (9.7)	11,872 (−5,458)
LEISURE	12	55,881 (40,860)	+36.8	48,120 (35,087)	39,251 (28,748)	21,267 (15,809)	17,111 (12,345)	+38.6	6,335 (4,424)	+43.2	16,679 (12,224)	138,849 (116,509)	34.6 (30.4)	13,998 (9,886)
FOOD MANUFACTURING	12	612,319 (439,611)	+39.3	517,369 (366,874)	466,138 (302,383)	236,499 (154,674)	203,199 (127,469)	+59.4	50,160 (37,595)	+33.4	243,399 (168,226)	2,092,081 (1,678,340)	24.7 (21.3)	920,478 (646,915)
FOOD RETAILING	6	14,259 (10,928)	+30.5	11,646 (8,966)	11,138 (8,331)	5,745 (4,505)	5,381 (3,814)	+41.1	1,238 (1,106)	+11.9	5,628 (3,999)	39,826 (29,295)	29.2 (30.6)	14,438 (7,487)
NEWSPAPERS AND PUBLISHERS	17	75,267 (64,630)	+16.4	62,060 (52,769)	52,981 (43,616)	26,971 (22,871)	24,409 (19,720)	+23.8	7,087 (6,338)	+11.8	28,425 (23,575)	291,520 (261,796)	21.3 (20.1)	88,105 (79,844)
PACKAGING AND PAPER	11	91,593 (82,830)	+10.6	62,173 (56,792)	50,861 (46,789)	24,399 (23,627)	23,853 (20,590)	+15.8	9,570 (8,840)	+8.3	37,753 (31,556)	350,910 (314,171)	17.7 (18.1)	157,771 (128,830)
STORES	2	1,928 (2,027)	−4.9	1,542 (1,696)	1,404 (1,561)	776 (848)	628 (713)	−11.9	384 (374)	+2.7	487 (536)	4,725 (4,916)	32.6 (34.5)	1,117 (1,097)
CLOTHING AND FOOTWEAR	24	56,627 (42,558)	+33.0	44,739 (32,674)	38,056 (26,641)	19,682 (14,588)	18,054 (12,001)	+50.4	5,313 (4,684)	+13.4	21,469 (15,143)	197,164 (173,649)	22.7 (18.8)	96,102 (76,260)
TEXTILES	10	11,070 (9,591)	+15.4	8,157 (6,929)	6,641 (5,956)	3,421 (2,959)	3,205 (2,968)	+8.0	1,440 (1,295)	+11.2	4,136 (3,749)	54,589 (43,668)	14.9 (15.9)	22,805 (20,837)
TOBACCO	1	200,432 (182,218)	+10.0	168,098 (151,465)	129,568 (106,802)	65,008 (53,945)	64,195 (52,664)	+21.9	35,786 (32,350)	+10.6	59,274 (49,755)	1,119,201 (949,912)	15.8 (15.9)	326,737 (321,707)
TOYS AND GAMES	3	6,466 (5,280)	+22.5	5,529 (4,528)	4,944 (4,137)	2,396 (2,079)	2,342 (2,053)	+14.1	506 (459)	+10.2	2,486 (2,118)	21,978 (16,304)	25.1 (27.8)	10,490 (7,153)
TOTAL CONSUMER NON-DURABLE	107	1,207,362 (941,952)	+28.2	993,365 (753,831)	843,183 (598,253)	427,613 (306,375)	380,972 (265,499)	+43.5	127,671 (105,547)	+21.0	444,351 (327,945)	4,808,954 (4,013,778)	20.6 (18.8)	1,709,384 (1,329,924)
CHEMICALS	19	1,153,260 (925,529)	+24.6	823,796 (584,375)	697,971 (481,810)	326,459 (216,889)	331,601 (239,643)	+38.4	110,790 (83,074)	+33.4	469,401 (373,409)	4,726,629 (3,837,617)	17.4 (15.2)	1,855,563 (1,320,308)
OFFICE EQUIPMENT	8	177,959 (138,467)	+28.5	149,571 (116,242)	120,465 (89,934)	59,378 (45,754)	57,836 (41,668)	+38.8	18,361 (16,383)	+12.1	61,852 (45,484)	884,978 (769,343)	16.9 (15.1)	210,131 (172,242)
SHIPPING	10	233,186 (172,454)	+35.2	159,148 (113,235)	103,259 (65,825)	38,890 (26,462)	62,646 (37,952)	+65.1	19,702 (17,240)	+14.3	110,297 (78,710)	1,616,137 (1,295,143)	9.8 (8.7)	62,268 (54,090)
MISC. INDUSTRIAL	37	410,972 (317,919)	+29.3	325,299 (248,990)	247,488 (177,746)	129,052 (95,130)	101,746 (71,455)	+42.4	36,394 (31,192)	+16.7	144,349 (105,424)	1,836,213 (1,552,068)	17.6 (15.8)	488,849 (392,703)
TOTAL INDUSTRIALS	395	5,243,957 (3,974,856)	+31.9	4,002,539 (2,885,120)	3,249,619 (2,184,690)	1,606,026 (1,142,947)	1,495,163 (933,263)	+60.2	481,334 (394,608)	+22.0	2,077,040 (1,446,451)	23,243,613 (19,318,845)	17.2 (14.9)	7,604,999 (5,776,602)
OIL	6	4,079,258 (3,540,499)	+15.2	3,569,974 (3,086,917)	3,276,172 (2,851,733)	2,570,998 (2,298,734)	668,014 (515,041)	+29.7	154,444 (140,290)	+10.1	1,017,124 (823,318)	10,335,529 (9,309,154)	34.5 (33.2)	3,844,238 (3,082,746)
BANKS	5	951,285 (665,324)	+43.0	809,882 (541,535)	730,861 (489,481)	385,020 (285,165)	321,534 (206,704)	+55.4	72,095 (58,357)	+23.5	385,296 (267,578)	4,306,794 (3,595,477)	18.8 (15.1)	1,711,132 (905,576)
DISCOUNT HOUSES, MERCHANT BANKS etc.	4	26,327 (22,430)	+17.4	— (—)	— (—)	— (—)	9,630 (9,330)	+3.2	3,155 (3,006)	+4.9	— (—)	1,633,204* (230,472*)	— (—)	25,761 (25,530)
HIRE PURCHASE	5	25,202 (25,162)	+0.1	24,441 (24,695)	9,556 (6,457)	5,070 (3,397)	4,391 (2,886)	+52.1	2,162 (1,933)	+11.8	2,681 (1,383)	170,257 (177,727)	14.3 (13.8)	57,643 (46,141)
INSURANCE	15	323,879 (208,045)	+55.7	— (—)	— (—)	— (—)	215,033 (121,712)	+76.7	104,738 (92,396)	+13.3	— (—)	9,522,555 (7,758,342)	— (—)	905,527 (671,042)
INSURANCE BROKERS	7	147,430 (105,566)	+39.6	120,913 (83,505)	103,940 (63,340)	52,899 (33,085)	48,388 (28,631)	+69.0	15,516 (9,930)	+56.2	51,392 (36,865)	914,651 (769,901)	13.2 (10.8)	97,914 (65,185)
INVESTMENT TRUSTS	65	87,339 (77,945)	+12.0	85,932 (76,666)	69,853 (65,170)	27,471 (24,888)	40,553 (36,555)	+10.9	38,202 (33,342)	+14.6	2,477 (3,214)	1,537,594 (1,464,538)	5.6 (5.2)	21,085 (46,550)
PROPERTY	11	124,456 (104,236)	+19.4	120,877 (101,386)	22,849 (19,235)	8,338 (7,279)	9,702 (8,306)	+16.8	6,594 (5,566)	+18.4	5,118 (4,348)	1,643,202 (1,313,950)	7.3 (7.7)	−8,551 (15,344)
MISC. FINANCIAL	4	12,838 (11,938)	+7.5	11,305 (10,604)	5,357 (3,982)	3,025 (2,379)	2,300 (1,489)	+54.5	1,187 (1,048)	+13.3	2,154 (1,518)	75,705 (76,718)	14.9 (13.8)	50,196 (23,384)
TOTAL FINANCIAL	114	1,698,786 (1,220,646)	+39.2	1,176,350 (858,281)	942,416 (645,665)	481,823 (356,193)	651,331 (415,613)	+56.7	245,649 (205,582)	+18.5	449,098 (314,646)	8,648,205 (7,398,311)	13.6 (11.3)	2,860,897 (1,696,794)
RUBBERS	1	4,647 (5,086)	−50.1	3,704 (2,408)	3,476 (2,172)	1,586 (980)	1,890 (1,183)	+59.8	779 (681)	+14.4	1,822 (1,051)	16,560 (15,629)	22.4 (15.2)	4,504 (4,060)
TEA	2	1,143 (1,329)	−14.0	1,019 (1,204)	976 (1,157)	710 (835)	250 (306)	−18.3	104 (95)	+9.5	254 (318)	4,760 (4,313)	21.4 (27.9)	1,289 (1,035)
TIN	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
MISCELLANEOUS MINING	1	369 (561)	−34.2	345 (537)	335 (529)	141 (233)	194 (296)	−34.5	127 (126)	+0.8	69 (171)	2,963 (2,522)	11.6 (21.3)	−359 (−519)
OVERSEAS TRADERS	2	23,991 (21,162)	+13.4	19,250 (17,367)	16,380 (14,634)	8,377 (7,805)	6,747 (6,000)	+12.4	1,994 (1,751)	+13.9	8,653 (7,664)	106,043* (90,292)	18.1 (19.2)	24,764 (17,042)
TOTAL COMMODITIES	6	30,150 (26,138)	+15.3	24,316 (21,516)	21,177 (18,498)	10,814 (9,854)	9,081 (7,785)	+16.6	3,004 (2,653)	+13.2	10,798 (9,084)	130,326 (112,986)	18.7 (19.0)	30,201 (21,518)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits plus investment and other normal income property belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments, and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arises in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosure the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation that is to say profits after all charges except loan and other interest, but before deducting taxation provisions and minority interests. In the case of Banks, no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excludes adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—
1—Minority interests.
2—All prior charges—including fixed payments, etc., and Preference dividends and
3—Provisions for staff and employees pension funds where this is not standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison, equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities except bank overdrafts and the balance-sheet total.

* For merchant banks and discount houses a more realistic figure to quote is total deposits.

Col. 9 represents the net return on capital employed (col. 2 as a percentage of col. 8) and provides an indication of average profitability.

* Excluding merchant banks, discount houses, insurance, etc.

† No figures given.

Col. 10. In net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AGRICULTURE

Speeds growth of crops

WITH THE recent formation of Fluid Drilling by the Precision Metal Spinnings Company, a project which has been nurtured by National Research Development Corporation over a period approaching 20 years is coming to fruition.

Machines and equipment embodying the fluid drilling technique which handles and plants seeds which have already germinated, will be shown at work at the Royal Show, Kenilworth, from July 4 to 7. This equipment has been developed and built over the past 12 months by the company, based on work over a much longer period of time, as is normal when agricultural technologies are involved.

The basic idea is to give crops a flying start by sowing already germinated seeds in a gel-like carrier, containing enough water for continued growth and a measure of protection from hostile conditions in the soil.

Problems were encountered and solved over a period of time in the storage, handling and spacing of the germinated seeds. But dogged persistence at the Weed Research Organisation and the National Vegetable Research station—and at NRDC—finally overcame all main obstacles and the technique has been shown at NVRS to be capable of giving remarkable increases in yields of vegetables and flowers.

But the story does not end here, since the techniques which can be applied by large-scale growers can also be used by the amateur gardener. In the latter case no elaborate gadgets are needed.

The equipment to be shown in Kenilworth includes germination cabinets, separation units, mixers, fluid carriers, as well as hand-pushed and tractor-mounted field drills. The amateur will be catered for in a separate section with continuous demonstrations.

More from National Research Development Corporation, Kingsgate House, 66, Victoria Street, London SW1E 6SL. 01-828 3400.

Protects grain from pests

A METHOD of reducing the amount of grain ruined in the U.K. every year by insect pests has been announced by Wellcome Industrial (Pesticides).

The company has called it the Cooper Grain Protector system, and it is based on preventative treatment which can remove the need for fumigation and other costly methods of control.

The method requires the use of a precision spraying kit and involves spraying Cooper Liquid Grain Protectant containing malathion at exactly 10 ppm on to the grain as it flows along the conveyor system into storage. The sprayer can be adjusted easily to suit any grain throughput between 2½ and 150 tons per hour.

Treated grain can be put to all the normal uses—flour milling, malting and animal feed production. Providing the moisture content of the grain is less than 15 per cent., at least six months' protection is given from one application of the insecticide. The insecticide costs are 4p to 5p per ton treated.

For long-term storage of grain, the unit, fitted with a surface spraying equipment, can also be used to apply Cooper Residual insecticide to the cleaned-down bins and floors before storage begins.

Wellcome Industrial (Berkhamsted, Herts.) reckons that about £6m. worth of grain is ruined every year in the U.K. by insect pests.

Mixes the top soil

WITH TINE points on variable angle legs, a heavy duty chisel plough will be launched at the Royal Show, Stoneleigh, Warwickshire next month (July 4-8). To be exhibited in the two-row seven-tine form, the plough has an operating width of 9 ft. 6 in.

By adjusting the leg angle, the farmer can mix the soil effectively and break the pan, without bringing lumpy subsoil to the surface, says the maker, F. J. Parmiter and Sons, Station Works, Tisbury, Wilts. (074787 821).

This company will also be showing a twin Utah disc harrow package—two 12 ft. units coupled together. The 24 ft. outfit weighs over four tons and is suitable for tractors of over 200 hp. The same system can also be applied to two 9 ft. Utah harrows for tractors of at least 150 hp.

Turf grow for Centre Court

CONTRARY TO what people might suppose, the ing of turf for lawn tennis ticularly at such a prestige centre as Wimbledon, occupation involving a considerable degree of technology is one major reason why Plant Protection Division been given the job of selecting a turf nursery for Wimbledon at its Fernhurst, Sussex quarters.

The All England Lawn and Croquet Club has made new agreement with ICI year, it concluded a long contract with the company use its products and services.

Under the agreement, turf will be grown to the specifications of the Wimbledon staff. The Fernhurst operation will place the small nursery club in Wimbledon, which becoming increasingly cramped for space.

In essence the agreement means that the groundsman he able to take prime quality three-year-old turf from hurst and lay it straight the courts at the end of season rather than making one-year turf for a couple years. Fertilisers, weed funcicides are already supplied by ICI to the ground at Wimbledon for the day to day care of the existing courts.

More from ICI at Millbank London SW1P 4QG. 01-834

● FILTRATION

Scours oil from waste

TO MEET enforcement of legislation affecting the discharge of oil/water effluent into sewers, rivers and the sea, Balston is offering its coalescing filter tube technique for removing fine oil particles from water and other liquids.

The company applied it in a low-cost separator unit which will speedily and economically reduce the bulk disposal of oil and water effluent.

Attempts to remove effluent, such as oil in water, oil from steam condensate, or separating water from machine cutting oils by mechanical separators are only partly successful the company asserts, while its microfibre filter tubes, housed in a stainless steel separator, attract ultra-fine oil droplets to the fibres even when surface active agents such as detergents are present.

Oil separation down to less than 10 parts per million is both a practical and economic proposition, according to Balston, which operates from Springfield Mill, Maidstone, Kent. Maidstone 52201.

Diverts the dust

LATEST IN the range of Vanco Flexiband abrasive belt grinding machines has a compact dust extraction unit built into its pedestal and is guarded to conform with the Health and Safety at Work Act.

It has three pulleys triangularly mounted to give a vertical belt. The 10 by 12 inch cast iron precision-ground work table can be angled as required.

Powered by a 2-h.p. electric motor, the belt has a surface speed of 5,000 ft./min. Spring-loaded, rubber-covered pulleys maintain the required belt tension and alignment.

More from the maker at Acrovu, 29, Burners Lane, Kiln Farm Industrial Estate, Milton Keynes, Bucks., MK11 3BU (0908 563465).

● HANDLING

Dispenses pallets

MODIFICATIONS TO the Bamberger pallet dispenser enables it to be used as a stacker which can collect and store up to 20 timber pallets.

The design improvement was made by Sefton Engineering Company, which makes the dispenser under licence.

The dispenser delivers pallets singly either on operation of a handwheel, or under a remote control system powered by an electric motor. The remote control can be linked to automatic conveyor system. The pallets are stacked in the dispenser by a fork lift truck.

More from the maker at Grafton Street, Liverpool L8 4SH (051-709 6732).

Copes with a flood

A USEFUL pump has just been put on the market by Sykes of Woolwich Road, Charlton, London, S.E.7.

It is equipped with 1½-inch BSP screwed or 2-inch plain spigot suction and discharge fittings and will deliver up to 90 gallons per minute. Maximum delivery head is 130 feet.

Powered by a Briggs and Stratton 4-stroke 3 hp air-cooled petrol engine, the pump weighs just over 50 lb. It has a carrying handle and is particularly suitable for use in floods and other emergencies.

● COMPUTERS

Varian will press on

NOW THAT the purchase of the computer wing of Varian by Sperry Univac has gone through, it is understood that, at least for the time being, Varian will continue to pursue its successful minicomputer operation much on the same lines as before bearing in mind that in many ways Univac is new to minis, as such.

Varian's success with its new and powerful "maximinis" has not gone unnoticed and the Univac small computer, under development as the Acorn project for some considerable time before its recent launch, will slot into the series at the lower end.

Before the take-over, Varian was consolidating its position in Britain and seeking a foothold in Europe, which it secured by its own take-over in Germany.

Varian's expansion plans now will have to be redesigned since it will be able to use existing Univac facilities throughout Europe to press on with sales in an area of the computer market which is still expanding at breakneck pace.

From its experience, Varian will be able to guide Univac in an area of which the latter has little knowledge and one into which other mainframe manufacturers have advanced on the old principle that "if you can't beat 'em join 'em," not always with success.

In particular, Varian has distinguished itself by its development and selection of software, for data base handling and for other routines generally thought to be reserved for larger general purpose machines.

● AIR TRAVEL

Speeds the passengers

FOLLOWING FOUR years of successful operation in Germany, Lufthansa has now extended its computerised passenger check-in system to London Airport (Heathrow).

Making use of the existing Univac computers in Frankfurt and visual display units already in use for the reservation system, the airline is able to offer a number of useful facilities and additional information to customers starting their journeys at Heathrow.

Main advantage is that if the passenger has to change flights in Germany he can be checked right through at London: there is no longer any need to queue up again at the interchange airport. By having sufficient VDUs the company also aims quickly to perform the total check-in at its very first point of contact with the customer at Heathrow—movements between desks are to be eliminated.

If available, the customer will be able to choose the seat he wants for the onward flight, or ask for group seating or other special needs to be checked.

An important outcome for passengers is that check-in deadlines can be extended until a few minutes before departure.

In addition, the system will keep a close check on the stand-by passenger situation making sure, it is hoped, that the difficult and sometimes unfair wranglings about priorities for standby seats do not occur, or are satisfactorily resolved.

As an added bonus for the passenger, the system will be able to produce information about the passenger's destination including such items as the weather, hotel room situation, or problems such as strikes and accidents that might cause delays.

● TELEVISION

Public TV system

LARGE SCREEN TV projectors using only one three-colour tube instead of the more familiar three tubes are offered by a new company, Big Screen Television (U.K.).

This has been formed to exploit the equipment and is backed by the Music Hire Group whose interests are mainly in the leasing of juke boxes and fruit machines to pubs, hotels and similar outlets.

The SpectraVue is relatively cheaper than its rivals, with prices starting at £1,700 plus VAT. Adequate image brightness is achieved by the use of a very large aperture lens and an improved design of high gain screen. Because the projector uses only one tube, the complete unit is of a size comparable to a conventional TV receiver and can be suspended from the ceiling or from walls.

Subjective impressions at a London demonstration suggest that despite the low price and simple technology, picture quality may be adequate for many purposes. The Music Hire Group plans to install the projectors in selected pubs, where sporting events and other popular programmes should attract customers — especially during slack periods.

● INSTRUMENTS

Meter has a brain

IN MOST busy measurement environments the simple reading of a voltage from a scale is not the end of the story. Series of numbers are obtained and the need rises to process them in some way, even if only to find their mean value. Short of a full ATE approach, calculators and slide rules are brought to bear.

Bringing in the microprocessor in what is probably the most sophisticated way to date is Solartron with its 7065 processing digital voltmeter. It offers nine built-in programs, selected by pushing buttons.

Readings can, for example, be scaled, useful when the readings from a transducer need to be turned into engineering units—voltage to force is a case in point. Alternatively, the percentage deviation from some nominal value can be displayed. Similar manipulations include applying a constant offset to each reading, and dividing each reading by a reference to give a ratio on a linear, logarithmic or a power basis.

Another program keeps an eye on the maximum and minimum readings so far obtained, displaying only what is the largest or smallest to date.

A variation of this is the ability to get maximum and minimum limits: the instrument will then show by means of a bar symbol any readings that are outside.

Of value to those in the quality control field, however, are the statistical programs. While the measurements are progressing, the instrument will provide figures such as the updated average, variance, standard deviation and root-mean-square.

Other facilities provided by micro include correction for curves of most common thermocouples and precise timing of the measurements themselves.

The voltmeter itself is largely on the Maestro unit announced last year, with sensitivity down to one microvolt on 10mV and 1000V, but with readings displayed as volts, cutting out possibly confusing range indications. The whole machine is controlled by pushbuttons, with LED indicators to show when a function is operative. Designated 7065, the instrument has 61-digit indication, but lower versions with or without computer are available. More from the company at Farnborough, Hants., on 0252 44433.

● COMPONENTS

Micro price cutting

UNINHIBITED price cutting in the microelectronic components industry is a commonplace, and all-out war on the plug-compatible front in peripherals for computers is a fact of life. But the micro-computer industry is still in a sufficiently early stage for a National Semiconductor claim that it is offering a per cent. cut in price with its microcomputer central processing and memory boards compatible with the Intel 80/10 single-board computers to come as something of a surprise.

National is offering a full warranty on parts and labour on its Series 80 product line, against 90 days for competitive equipment, because, it says, of its experience in making and testing such devices.

Series 80 is to be extended over the next several months with new hardware, software and peripherals.

The boards used in this series are intended for automatic assembly using axial-lead components less susceptible to damage than radial-lead units. Packaged resistors arrays are used instead of discretes to reduce component count. Dynamic memories are in sockets for ease of diagnostics and replacement.

All boards go through a temperature test while diagnostic routines are being performed to reduce early component failure.

National Semiconductors, Goldington Road, Bedford MK40 3LF. 0234 211262.

Hydraulics gear pumps

HIGH PRESSURE gear pumps providing a range of power flow options for main hydraulic circuitry on mechanical handling plant, construction equipment and similar applications, been introduced by T. Webster, Edison Road, St. Ives, Cambridge PE17 4LZ (0480 63203).

Pumping elements in six displacement volumes from 4 to 40 cu. inches/rev can be used as single pumps or linked in combination of displacements to form a dual pump.

This means that using a main drive shaft, oil can be piped independently to circuits. The versatility of pumps can be further extended by using them in conjunction with flow dividers to serve more circuit systems.

At 3,000 psi continuous rating, the smallest pump can deliver up to 40 gpm with 100 hp input. The largest pump, installed single unit, delivers 70 gpm at 2,500 rpm at pressures up to 2,500 psi continuous.

We deliver.

Help with exports: We provide up to date, relevant information on export markets. We can advise you on international economic conditions and help you identify market opportunities. And we back this up with a world-wide range of financial, marketing and commercial services to help you finalise your export deals.

TEST US: Contact Frank Dunphy, Manager, Trade Development, Tel. London 606 9944, ext. 4364, telex 888401 or write, Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN, England.

Map by George Philip and Son Ltd. © 1977.

Midland Bank International Delivers.

APPOINTMENTS

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COMPANY NOTICES

CHARTER CONSOLIDATED LIMITED
NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the above-named Company will be held at Winchester House, 100 Old Broad Street, London, EC2N 1BU on Tuesday the 19th day of July, 1977 at 12.05 p.m. (or so soon thereafter as the Annual General Meeting of the Company shall have been concluded or adjourned) for the purpose of considering, and if thought fit, passing the following resolution which will be proposed as a SPECIAL RESOLUTION.—

RESOLUTION

THAT subject to the written consent of the holders of three-fourths of the Scheme Shares or the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the Scheme Shares the following amendments (which in the case of the amendments effected by paragraphs (A) and (C) hereof shall be deemed to have effect, and always to have had effect, as from 1st July, 1974) to the Share Incentive Scheme of the Company (the "Scheme") which was adopted by Special Resolution of the Company in General Meeting on 14th July, 1970 be and are hereby approved to the intent that such approval shall in so far as requisite operate by way of alteration of the Articles of Association of the Company:—

(A) the deletion in Clause 1 of the defined term "C.C.S. Limited" and the substitution therefor of "employing company," the amendment of the definition thereof to read "Charter Consolidated Services Limited or, in the case of a Grantee whose contract of employment has been transferred to Anglo Charter International Services Limited or to the Company or to another subsidiary of the Company, Anglo Charter International Services Limited or the Company or such other subsidiary, as the case may require", and, save as otherwise provided by this Resolution, the substitution wherever the same occur in the Scheme of references to "an employing company" for references to "C.C.S. Limited."

(B) the addition of the following new definitions in the present Clause 1, namely:—

"'the Adjusted Market Price' — At any particular date the middle market quotation (after making such adjustments thereto as the auditors for the time being of the Company determine to be appropriate following upon any reduction of capital issue of securities by way of rights or capitalisation of profits or reserves or sub division or consolidation of share capital of the Company since the date of issue of the relevant Scheme Shares) of a fully paid registered Share as shown by the Daily Official List of The Stock Exchange, London, on the preceding business day or if there is no such quotation for such shares such price as the Board shall determine.

'former employee' — An employee of an employing company being a Grantee who shall have left the employment thereof otherwise than (a) on death or in circumstances such that he becomes a retired employee or an employee of another employing company or (b) in circumstances which the Board considers to amount to misconduct or commercial impropriety."

(C) the deletion in the definition of "retired employee" in Clause 1 of the words "C.C.S. Limited" where they secondly appear and the substitution therefor of the words "the employing company".

(D) the deletion of the present Clause 6 which sets out the circumstances in which and the basis on which a Grantee may request a call to be made and the substitution therefor of the following new Clause, namely:—

"6. (a) A Grantee may request a call to be made on all or any Scheme Shares held by him in the circumstances set out below, namely:—
(i) At any time after 10 years from their Issue Date; or
(ii) At any time after 5 years from their Issue Date if the Grantee was aged 45 or over on that date; or
(iii) After the Grantee has attained the age of 50 and at least 5 years have elapsed since their Issue Date.

(b) (i) In the event that a Grantee becomes a retired employee or a former employee he may request a call to be made at any time thereafter on all or any Scheme Shares held by him.
(ii) In the event of the death of a Grantee his legal personal representatives may request a call to be made on all or any Scheme shares held by him:

(c) Except as provided by sub-clauses (a) and (b) of this Clause the Company shall not be obliged to make a call on any Scheme Shares unless and until such balance is called for payment pursuant to Clause 7 of this Scheme. The Company reserves the right however to accept a request for a call to be made on all or any Scheme Shares held by a Grantee at any time if in the opinion of the Board there are special circumstances (e.g. exceptional ill health or incapacity) in consequence whereof it is reasonable to permit the Scheme Shares in question to be paid up.

(d) Within fourteen days after any valid request pursuant to sub-clause (a) of this Clause or the acceptance of a request pursuant to sub-clause (c) of this Clause the Company shall make a call in respect of the whole but not part of the unpaid balance of the Subscription Price of the Grantee's Scheme Shares in respect of which such request is made and the Grantee shall become bound to pay to the Company in respect of each of the Grantee's Scheme Shares the whole of such unpaid balance.

(e) Within fourteen days after any valid request pursuant to sub-clause (b) of this Clause the Company shall make a call at the lower of (i) the unpaid balance of the Subscription Price of the Grantee's Scheme Shares in respect of which such a request is made and
(ii) the amount being the Adjusted Market Price at the date of making such a call of a like number of fully paid registered Shares less the amount previously paid up on the Grantee's Scheme Shares (in respect of both nominal value and of premium), in respect of which such a request is made and the Grantee or the Grantee's legal personal representatives (as the case may be) shall become bound to pay to the Company in respect of each of the Grantee's Scheme Shares the whole of the amount of such call

PROVIDED that:
(i) the call to be made pursuant to the provisions of this sub-clause (e) shall not be less than the difference between the nominal amount of the Scheme Shares the subject of that call and the amount appropriated to such nominal amount out of any payment already made in relation to such Scheme Shares pursuant to the provisions of this Scheme and
(ii) the amount of any call made pursuant to the provisions of this sub-clause (e) shall thereupon be payable [illegible]

(E) the deletion of the present Clause 7 which sets out the circumstances in which the Company may make a call and the substitution therefor of the following new clause, namely:—

"7. (a) The Company shall be entitled to call up the whole of the unpaid balance of the Subscription Price on all or any of the Scheme Shares held by any one Grantee in the circumstances set out below, namely:—
(i) at any time after the Grantee is entitled to request a call to be made as provided by sub-clauses (a) and (b) of Clause 6 above but so that no such call shall be made unless at the date of the making thereof the Adjusted Market Price shall be in excess of the Subscription Price of such Scheme Shares or
(ii) at any time after the Grantee shall have left the employment of an employing company otherwise than on death or in circumstances such that he becomes a retired employee or an employee of another employing company [illegible]

(b) The Company shall also be entitled to make a call on all or any of the Scheme Shares held by any one Grantee at any time after the expiration of two years from the death of the Grantee [illegible]

(F) the insertion in the second line of sub-clause (a) of Clause 8 (which deals with the transfer of Scheme Shares to a new Grantee) after the words "retired employee" of the words "or an employee of another employing company," the deletion of the words "C.C.S. Limited" [illegible]

(G) the deletion of the existing Clause 9 which sets out the time at which all calls become payable and the substitution therefor of the following new clause, namely:—

"9. All calls made by the Company pursuant to Clauses 6, 7 and 8 of the Scheme shall be made so as to become payable one month after the date of such call provided that any call may be paid by the Grantee at any time after it has been made prior to the due date for its payment and in such event interest shall be given thereon as if they had fallen due on the actual date of payment."

By Order of the Board
D. S. BOOTH
Secretary

23rd June, 1977.
Registered Office:
40 Holborn Viaduct,
London, EC1P 1AJ.

Notes:
1. A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the Meeting must comply with the relevant conditions governing share warrants to bearer.
2. Copies of this notice together with the circular which accompanied it may be obtained from 40, Holborn Viaduct, London EC1P 1AJ.

CHARTER CONSOLIDATED LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the twelfth annual general meeting of members of Charter Consolidated Limited will be held at Winchester House, 100 Old Broad Street, London EC2N 1BU, on Tuesday 19 July 1977 at 12 noon for the following purposes:

1. To consider the accounts and the report of the directors for the year to 31 March 1977.
2. To declare a final dividend.
3. To reappoint as directors Mr G. W. H. Relly, Mr H. R. Fraser, Mr P. C. D. Burnell, and Mr H. F. Oppenheimer.
4. To reappoint Coopers & Lybrand and Deloitte & Co. as joint auditors and authorize the board to fix their remuneration.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company.

By Order of the Board
D. S. BOOTH
Secretary

40 Holborn Viaduct
London EC1P 1AJ
23 June 1977

NOTES
1. Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the meeting must comply with the relevant conditions governing share warrants to bearer.
2. Copies of the annual report are available from 40 Holborn Viaduct, London EC1P 1AJ.

CITY OF COPENHAGEN
8½% UA 20,000,000 1976/86 LOAN

Pursuant to the terms and conditions of the loan, notice is hereby given to bondholders that, during the twelve-month period ending June 15, 1977, UA 750,000 of such Bonds were purchased in satisfaction of the Purchase Fund.

Outstanding amount: UA 19,250,000.

Luxembourg, June 24, 1977.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise.

BEARER DEPOSITARY RECEIPTS ISSUED BY MORGAN GUARANTY TRUST CO. OF NEW YORK representing shares of ASAHI CHEMICAL INDUSTRY CO LTD

The General Meeting of shareholders of Asahi Chemical Industry Co Ltd will be held on June 29, 1977, at the Company's Head Office in Osaka. [illegible]

AGENDA
1. Presentation and approval of business report, balance sheet, profit and loss statement, and appropriation of retained earnings for fiscal term from April 1, 1976, to March 31, 1977.
2. Approval of a new share issue as [illegible] of stock dividend.
3. Election and appointment of 15 Directors.
4. Election and appointment of 2 Auditors.
5. Presentation of allowance to retired Directors.

[illegible]

UNITED PLANTATIONS BERHAD
(Incorporated in the States of Malaysia)

NOTICE OF DIVIDEND

NOTICE IS HEREBY GIVEN that in pursuance of a Resolution passed at the ordinary Annual General Meeting held in Malaysia on 15th June, 1977 [illegible]

A Final dividend of 10% less 40% Malaysian Tax [illegible]

[illegible]

COMPAGNIE FINANCIERE DE SUEZ

[illegible]

ENERGY INTERNATIONAL N.V.
(Incorporated with limited liability in the Netherlands Antilles)

[illegible]

London, 22nd June, 1977.

OMRON TATEISI ELECTRONICS CO.
(Tateisi Denki Kabushiki Kaisha)

Advice has been received from Tokyo that the Fortieth Ordinary General Meeting of Shareholders will be held at the Enshukan Hall in the head office of the Company at 10, Tsuchido-Cho, Hanazono, Ukyo-Ku, Kyoto, at 9.00 a.m. on Wednesday June 29th, 1977. Details of Agenda are as follows:—

[illegible]

HILL SAMUEL & CO. LIMITED,
45, BEECH STREET,
LONDON EC2P 2LX.

CANON INC.

[illegible]

Tokyo
June 1, 1977.

CANON INC.

ART GALLERIES

HOME NEWS

The Queen stops to talk to two children during her walkabout in Haverfordwest, Wales. She was accompanied by Prince Philip. Yesterday was the second day of their Jubilee tour of Wales.

Rise in mail order sales beats inflation

BY DAVID FREUD, INDUSTRIAL STAFF

MAIL ORDER sales moved ahead strongly in the first four months of the year, according to Department of Industry statistics.

The sector was the only one in retailing whose sales increased at a faster rate than inflation. Multiples and department stores were a point or two below the year-on-year inflation rate, which has been at about 17 per cent. for most of this year.

The worst-hit sectors were independents and co-operative societies, whose sales were down significantly in real terms.

Sales by mail order businesses rose 20 per cent. at present prices in the first quarter compared with the same period last year. There was an even larger year-on-year increase of 30 per cent. in April, but much of this can be attributed to the low level of sales in April last year.

Sales by independents in the first quarter were 12 per cent. higher than at the same time last year. Even in terms of current prices they were below figures for the third and fourth quarters of last year. The figure goes on sign of recovery being only 10 per cent. up than the poor month last year.

Co-operative societies' sales in the first quarter were up 14 per cent. at current prices on the same period of last year, slowing in the rate of growth was indicated by the April figure, which was only 4 per cent. higher than the same month last year.

Multiples, which with independents accounted for more than 60 per cent. of sales, had sales up 16 per cent. in the first quarter, lower than in the second, third and fourth quarters last year, which showed year-on-year rises of 18 per cent.

Department stores' sales increased 15 per cent. from quarter to first quarter, a particularly bad month last year.

Steel consumption shows slight drop

BY CHRISTOPHER DUNN

CONSUMPTION of finished steel fell slightly in the first quarter of this year, compared with the last quarter of 1976.

At 3.9m. tonnes, it was 4 per cent. down on consumption between October and December last year. But first quarter consumption this year was roughly unchanged compared with the second and third quarters last year.

Consumption by the construction sector rose by 10 per cent., but elsewhere demand for steel was down. The sharpest falls in steel consumption occurred in the wire and wire manufacturing sectors, as well as hollow ware industry.

Consumer stock levels dropped by 4 per cent. in the first quarter. They are now at their lowest level since the period July to September 1973.

Steel stocks held by the stockholders have also been run down from the peak reached at the end of last year. Stock levels per number of weeks' use varied slightly in the first quarter, and the rate for all industries is estimated at 14 weeks. There has also been a modest fall in total stocks.

Co-op Bank raises limit on personal loans

BY MICHAEL BLANDEN

THE CO-OPERATIVE Bank has increased the maximum amount available to customers under its personal loan scheme.

Loans of up to £2,250 are available from to-day—£1,000 more than the previous limit. The new amount applies to the standard one-to-three year period personal loans and to home development loans repayable in up to five years.

"Our new maximum limit means that low-priced loans are now available for a far wider range of goods, including cars, and takes account of the effects of inflation in the past few years," the bank said.

It cut the rate charged on personal loans from 17 to 16 per cent. earlier this year, and said that this makes them at least 1½ per cent. cheaper than those available from any other bank.

Barclays—which also raised its limit on personal loans this year from £1,500 to £2,000—charges, for example, 16.5 per cent. for its personal loans.

Glass furnace on stream

REDFEARN National Glass has commissioned a furnace for the production of green glass at its Barnsley factory, which cost £3m. to rebuild.

Furnace output has been doubled to 350 tonnes a day and the new plant can handle larger proportions of waste glass. The furnace is intended to meet the requirements of wines, spirits and aperitifs market. Redfearn expects the market to grow at an average 10 per cent. a year until 198

Bid to preserve moorland

A PLAN to conserve the natural beauty and amenity of national parks generally—Exmoor particularly—was put forward yesterday by the Countryside Commission.

The Commission is worried about the "serious threat" of agricultural improvement to open moorland.

It has outlined three possible solutions to Lord Porchester, who is reporting to the Government on land use in Exmoor.

● The Commission should be empowered to define and designate an area of "mainly country" within a national park.

● A more vigorous build public acquisition of land in designated areas.

● As an alternative to acquisition, change of land use should be subject to established planning procedures.

FINANCIAL TIMES SURVEY
Friday, June 24, 1977

Vans and Light Trucks

Increasing commercial demand for vans and small trucks, combined with the growing requirements of the leisure market, is giving motor manufacturers greater scope for product rationalisation, allowing wider use of common components throughout a range.

Moving into higher gear

By Terry Dodsworth
Motor Industry Correspondent

WHEREAS MUCH of the commercial vehicle product development effort a couple of years ago was concentrated on heavy trucks, it is to-day being switched into the lighter end of the market. Volkswagen and Mercedes have both brought out new vehicles in the last 12 months or so, Fiat and Saviem/Berliet are both said to have one on the way, British Leyland has brought out the Sherpa, and it cannot be long before Ford gives the Transit a facelift. These moves carry the promise of a tough marketing battle in the future.

Perhaps the most significant point about the switch of interest into this sector is that most of the big European manufacturers now acknowledge the need to carry a complete range of commercial vehicles. Just as in volume car production, there are certain economic advantages to be gained from being able to use components across a range (although the opportunities are more limited than in cars) and from being able to offer big fleet customers a series of models which can fulfil most of their needs. A larger range also gives distributors the opportunity of a higher throughput.

At the same time, there has been a gradual convergence in the different market philosophies about small commercial vans and trucks, just as there has about other vehicles. Twenty years ago, Europe supported a series of highly individualistic national vehicle manufacturers. But since then a much more universal idea of what a European car should look and feel like has developed; similarly, the use of heavy trucks on the long inter-European motorway routes has brought a fairly consistent approach to the design of this type of vehicle. The same thing is now happening to small trucks, although in some ways this is the most idiosyncratic of all these markets.

Anxiety

The anomalies in van production and buying habits partly derive from geography. Whereas heavy trucks travel on very similar roads on inter-City routes, there is a world of difference between a rural Wiltshire lane or the centre of Paris where small panel vans could equally appropriately be found. The French, for some reason, have for a long time favoured front-wheel drive for their small commercials, while the Germans have been happy to accept the rear-engined, air-cooled VW Transporter, and the Italians have largely ignored diesel. In England, parts of the country are notorious for favouring the narrower vans more suitable in negotiating tight rural roads and dense urban conditions.

These anomalies, however, began to be ironed out with the launch of the Ford Transit 12 years ago. The Transit was Ford's first vehicle in metric measurements, and the first product to see the light of day under the new Ford of Europe banner. The idea from the start was to aim it at every European market through the group's extensive car dealership network, which could be suitably adapted, with some selection, to light vehicles of this kind. Since then, Ford's production volume on the Transit has gone over 100,000 units a year at Southampton and Genk in Belgium.

The Volkswagen Transporter, aimed at a similar market, and distributed in virtually the same way, has also gained a Europe-wide acceptance. Thus these two models have shown that the same kind of mass production and distribution methods can be applied to small commercial vehicles in Europe as in cars.

Other manufacturers are now beginning to apply the same design concepts and marketing techniques. At stake, is a relatively sizeable European market. Sales of light commercials in the range above car-derived vehicles and up to 3.5 tons gross vehicle weight, probably amount to about 500,000 units a year in Europe. In commercial vehicle terms this is a considerable market, perhaps some 45 per cent. of total sales, and while unit value is miniscule compared with big lorries (vans cost between £2,500 and £5,500 against big trucks of between £15,000 and £25,000), profit margins are steady.

At the moment, there are also prospects of some growth. In the U.K., for example, van sales, after a somewhat stagnant period over the last three years are expected to begin lifting up as operators are forced to replace vehicles. Forecasts suggest that from a market of about 80,000 units last year, sales could go up to 85,000 to 90,000 in 1977.

Within Europe as a whole, there are also growth possibilities. From sales of 427,000 in 1975, they went up to 502,000 last year, and are expected to add another 20,000 units this year. The launch of new products should also help stimulate the market.

The other sectors of the light commercial vehicle market have also shown considerable change in the past two or three years. In the light trucks in the range of up to about 12 tonnes there has been the Club of Four vehicle—the jointly-designed product from DAF, Saviem, MAN and Volvo—and the introduction of the Roman vehicle from Rumania. In Britain, the Bedford range continues to dominate this sector, but Chrysler will be introducing a new version in its Walk-Thru van next year, according to the company's agreement with the Government; and Leyland may almost certainly do something similar with its Bathgate range.

It is expected also that Mitsubishi, the Japanese associate of Chrysler, will begin to attack this sector of the European market in the near future. Japanese companies, whose commercial vehicle production, at 2.6m. units a year, ranks alongside that of U.S. producers, have been thinking of *such an incursion for years.* Many European manufacturers have dismissed the threat, on the grounds that it will cost the Japanese far too much to transport and set up distribution for such large vehicles in Europe, particularly in a competitive market which probably has too many commercial vehicle producers anyway; but the Japanese have unquestionably overcome the logistical problems with car exports, and there is no doubting the seriousness of their intentions.

In the Mitsubishi case, the plan is to set up a separate commercial vehicle distribution organisation under the arm of Colt Cars, the Mitsubishi car distributor, and begin importing a light truck, a domestic-type van and then a medium, 7.5 tonne truck. In the longer term there are possibilities of going even heavier, probably circumventing transport problems by adopting local assembly methods.

Lower down the scale, in the car-derived van and pick-up type of vehicles, the Japanese have already made their mark. In Britain, in particular, where sales of Japanese cars have been limited by the voluntary undertaking not to take more than 10 per cent. of the U.K. market, there has been a big switch of attention into the small commercials—the Japanese took 7 per cent. of this particular sector in 1976 against nothing two years ago. But similar moves are also apparent in the rest of Europe: small Japanese commercials in the van ranges now have a 21.5 per cent. share in Finland, and are building up in other non-vehicle manufacturing countries with the Mazda and Datsun pickups.

Anxiety

In the U.K. there have been signs of some anxiety about this growth among the domestic manufacturers. But in the official talks with the Japanese industry, the importers have defended themselves on the grounds that they have not taken business away from clearly identifiable indigenous products. Many of the imported vehicles have, in effect, created new markets for themselves, answering needs which were not being supplied.

The Japanese pick-ups, for example, are comparable with

CONTINUED ON NEXT PAGE

REGISTRATIONS OF NEW COMMERCIAL VEHICLES IN THE U.K. BY MANUFACTURER

Manufacturer	Car derived Vans and Pickups				Other Vans				Light 4 x 4 Vehicles			
	May		5 months ended May		May		5 months ended May		May		5 months ended May	
	1977	1976	1977	1976	1977	1976	1977	1976	1977	1976	1977	1976
BRITISH												
Bedford	1,521	1,123	7,513	5,293	1,517	1,161	6,686	5,652	—	—	—	—
British Leyland	2,008	2,441	9,387	13,649	1,167	1,119	5,637	5,150	693	699	3,456	3,788
Chrysler	—	—	—	—	511	456	2,448	2,179	—	—	—	—
Ford	1,278	1,805	7,932	9,242	3,650	2,993	16,334	14,221	—	—	—	—
Others	19	—	79	—	9	14	17	30	—	—	—	—
Total British	4,826	5,369	24,911	28,184	6,854	5,743	31,122	27,232	693	699	3,456	3,788
IMPORTED												
Chrysler (France)	340	293	1,986	1,544	—	—	—	—	—	—	—	—
Citroen (France)	14	3	41	26	—	—	—	—	—	—	—	—
Peugeot (France)	—	—	—	—	17	17	63	93	—	—	—	—
Renault (France)	169	127	752	648	—	—	—	—	—	—	—	—
Mercedes Benz (Germany)	—	—	—	—	142	106	662	482	—	—	—	—
Volkswagen (Germany)	—	—	—	—	462	442	2,293	2,497	—	—	—	—
Fiat (Italy)	—	—	—	—	193	152	766	714	—	—	—	—
Datsun (Japan)	168	156	634	518	197	182	806	829	—	—	—	—
Honda (Japan)	211	—	1,069	—	—	—	—	—	—	—	—	—
Mazda (Japan)	—	—	—	—	115	121	635	508	—	—	—	—
Toyota (Japan)	56	—	194	—	196	157	835	911	3	5	45	17
Moskvich (USSR)	6	36	49	207	—	—	—	—	—	—	—	—
Others	2	1	5	2	3	1	47	4	4	35	29	60
Total Imported	966	616	4,730	2,945	1,325	1,178	6,107	6,038	7	40	74	77
GRAND TOTAL	5,792	5,985	29,641	31,129	8,179	6,921	37,229	33,270	700	739	3,530	3,865

Panel vans the biggest single category

INTERPOSED between the markets for car-derived commercial vehicles and for medium to heavy trucks are those for panel vans and the more substantial light trucks. The *former avoid* the need for an operator's licence by coming in below 3½ tonnes gross vehicle weight, while the latter are above this limit but below the 7½ tonnes gross vehicle weight at which point the heavy goods vehicle (HGV) licence is required. Although many panel vans and pickups are of integral construction, many variants share the chassis-type construction of the light trucks and vans, thereby giving work to independent bodybuilders. Indeed, in the light truck sector only importers offer integral vehicles.

The *panel van sector is the* biggest single category in the U.K. commercial vehicle market, while the lightweight category, although much smaller, is still equal in size to those for both medium and heavy vehicle sales (See Table 1):

While the market for medium trucks has fallen away greatly over the years and that for both light and heavy vehicles has stabilised—although this hides *the greatly increased sales of* maximum weight vehicles—the market for panel vans and their derivatives has increased. Indeed the panel van and light truck markets together now typically account for around 50 per cent. of total sales. Of the manufacturers, and since 1965, it is Ford which has been the most aggressive competitor in this area, well in keeping with the company's tactics, and strategic objectives, to become the dominant force in the U.K. motor industry.

Although Vauxhall, by introducing the Bedford CA 10/12 cwt vehicle in 1952, was the first British mass producer to produce a purpose-designed light-medium van, it was in the period 1958-61 when Standard with the Atlas, Ford with the Thames 400E, Rootes with the PB and the typically profligate BMC with the JU and J4; that the motor industry really exploited the market Bedford had identified, with a rash of competing purpose-built panel vans.

However, in 1965, barely four years after its first design had appeared, Ford introduced the Transit as a replacement. No other group could match Ford's amazingly short pay-back period by retaliating with new models of its own. This was serious, because the market soon showed that the Transit was the vehicle it had been wating for—its normal control layout, shared with the smaller 13-year-old Bedford, contrasting with the smaller payload forward control models made by competitors.

Ford's dominance was consolidated by the continued absence of directly comparable models, a state of affairs which changed only in 1970 when Bedford replaced its 18-year-old contender with the CF, and in 1974 when British Leyland replaced the JU and J4 by the Sherpa. Chrysler's lack of funds has meant that it has had to continue with the forward control PB.

In 1977 Ford's Transit continued to hold almost 45 per cent. of the market, despite the Sherpa's continued advance from 11 per cent. of total sales in 1975 to about 16 per cent., and Bedford's 18 per cent. Chrysler's Dodge PB Spacevan was in fourth place with about 7 per cent. of sales, the company hopes that the model's impending facelift will keep it ahead *of Volkswagen, until Chrysler's* 1978 Anglo-U.S. product appears to complement it.

Advertising

Another factor here is that as the Japanese and Continental panel vans tend to follow the PB's cab-over engine layout rather than the Transatlantic inspired Transit look, Chrysler's product could benefit from the importers' heavy advertising. In addition, recent large Post Office orders for the PB could give a further boost to the vehicle's image and position in the market.

Although Ford has dominated the panel van market, in the light truck field Bedford disputes market leadership with Ford, with BLMC close behind. To avoid the need for HGV licences, Ford, Bedford, Leyland and Dodge all offer light versions of their medium truck ranges, some grossing 7.38 tonnes just inside the 7½ metric tonne limit. Indeed Bedford, *with the KD and KE derivatives* of the medium TK, often leads annual sales in the 5-6-tonne and 7-8-tonne categories, thereby giving Ford severe competition in the lightweight sector as a whole.

Unlike Bedford, and indeed Dodge with the 7.38-tonne Commando, both Ford, with the A series, and BLMC, with the FG trucks and EA vans, have purpose-built lightweight trucks to reinforce the penetration of their 7-tonne medium-weight derivatives. In addition, Fiat with the OM75 and 55, operating at 7.38 tonnes and 5.5 tonnes respectively, and Mercedes with the L608D series at 5½ to 6.4 tonnes gross the new Hanomag-built entries. At 2 tonnes to 4½ tonnes gross the new Hanomag-replacement Mercedes panel van and the VW LT straddle the top of the " Transit-type market and the bottom of that for light trucks.

Although competitive in terms of specifications, many of these Continental imports are sold at a premium price backed by claims to superior longevity and durability. Whether the light truck market will bear such prices, or requires the type of quality engineering associated with heavy long distance vehicles when typical mileages for light trucks tend to be low, remains to be seen.

In the light truck market Ford has not been able to repeat its dominance of the panel van market despite its investment in a tailor-made product. The continued success of both Leyland's own purpose-built lightweights, and the high payload Bedford TK derivatives were partly instrumental in the failure of the Ford A to reach planned targets in 1975 and 1976, although improved European sales have helped the 1977 figures.

These British contenders in the important lightweight market, by selling at very competitive prices, have made it difficult for importers to make much headway. Indeed, German vehicles such as the VW LT, already at a price disadvantage in the U.K., will meet even more competition in 1978 when the B-200-derived Chrysler, operating at around 2½ to 5 tonnes gross, and replacing the Walk-Thru, will provide a cheap alternative.

The larger 6.2 ton Mercedes, the Fiat OM55 and some versions of the LT, could carve out a niche by supplying high payload integral vehicles, but again the Leyland EA and versions of the Ford A are available alternatives. Other European developments, such as the "Club of Four" range, are, at 7-13 tonnes gross weight, mainly outside the light truck field, and are destined for sale at premium prices cushioned by the claims to longevity and durability.

Clues to the likely volume of imports may perhaps be sought by reference to the business car sector where despite the tribulations of the U.K. car makers, and high import penetration in the rest of the car market, strict cost and revenue comparisons by buyers appear to justify continued patronage of U.K. products. As the U.K. panel van and light truck industries are comparatively better placed than the car side, it would be difficult to argue that the reasons for buying British products would be less compelling than those which appear to influence the business car buyers.

In 1977 the main suppliers of panel vans are Toyota, Mercedes, Fiat and VW, but little is seen of the French industry's output. Although VW's rear engined Transporter is the most popular import, Japanese prices and specifications are becoming competitive. This is not universally true, as the payload of Mazda and Nissan pick-ups do not seem to be comparable with those given by U.K. panel van derivatives. At home Ford's Transit still appears to dominate (See Table 2).

The Transit and the CF cover almost the entire range of panel vans from 1.95 to 3.5 tonnes, while the coverage of the Sherpa and the PB is more limited at 1.85 to 2.5 tonnes. However, the Sherpa, developed on a shoe-string budget, has been a Leyland success story. In the sector of the market where it competes, the Sherpa has trimmed back Transit sales to about 40 per cent. of the total while itself advancing to 28 per cent. Ford must be concerned at the Sherpa's success, especially as in 1978 Chrysler's new vehicle will intensify the competition experienced by the larger versions of the Transit, and indeed the CF, by offering an attractive alternative.

Indeed, imports as a whole have found their market share declining, in contrast to the position in the car derivative field where, in the first four months of 1977 compared with the same period in 1976, import penetration increased from 9.26 per cent. to 15.78 per cent., mainly as a result of Chrysler sourcing such vehicles in France and the Japanese circumventing the import agreement on cars.

In the 3½-7½ tonnes lightweight category (the precision is arbitrary as until 1976 the HGV requirement was from 3 tons unladen weight or as much as 8½ tonnes gross vehicle weight) Bedford's success with TK derivatives might question whether the market requires purpose-built lightweight vehicles—with the a adverse effects on unit production runs are li such variety.

Consequently, for Be put their plans for tai lightweights into effe would have to be convi the increased market tion, over that which and TK could achieve, cient to generate which justified the inv To this end General Mc be expected to closely the future performa Ford's A series. If a decision is made the may be sourced in Pola some sharing of inv costs, although Bedfor supply significant vol componentry.

Competition in the p and light truck fields rigorous can only be to increase. The new M panel van, while avoidi rear engined Transport petes head-on with the and covers much of the at which the 1978 Chr aimed. The possibility MAN 4 9 ton truc pose new problems fo Bedford, Chrysler and as well as Mercedes an

Active

A rejuvenated Savien can be expected to be a this field as well, and through the Club of involvement. However, necine German and European competition i U.K. groups are likely idle, with facelifts ar derivatives for the F series, for example, ar land's FG due for substa engineering to rest market position.

With the Bedford C being offered with a C duct as the diesel opti sold through the Opel chain, with Ford's Genk production being supple by European sales from ampton, and the Sherpa heading Leyland's effo some European mark appears that the U.K.'s 1 cent. price advantage is used to try to increase volumes. With these v plus the British Leyla and EA, the 7 to 7.38 from all four manufa and the impending app of both facelifted an Chrysler panel vans an trucks, the U.K. has number of competitors bottom end of "real" c cial vehicle market.

This would suggest th the right products avail sufficient numbers at th price, the British i should be able to prot home market while also able to participate in the field. This is not to disco competitiveness of Japanese panel vans— market that Continental may capture with their l box vans in the light sector. But the traditio ciency of the panel va light truck sectors in pro very acceptable low vehiles profitably ma expected to give pr priced imports a hard t what has always been a conscious sector of the co cial vehicle market.

D. G.

University College,

TABLE 1: APPROXIMATE GOODS VEHIC REGISTRATIONS BY CATEGORY ('000)

	1960	1964	1969	1972	1973	197
Car derivative	72	77	80	93	99	[illegible]
Panel vans, etc.	78	76	70	106	115	[illegible]
Light trucks, etc.	32	25	22	24	29	[illegible]
Medium trucks	44	46	44	26	25	[illegible]
Heavy trucks	5	11	23	24	27	[illegible]
Total	231	235	239	273	295	[illegible]

TABLE 2: NON-CAR DERIVED VANS, E BELOW 3½ TONNES GROSS.—U.K. MARKET SHAR

	Jan.-April, 1976	Jan.-Ap
Bedford	17.1	1
British Leyland	15.4	1
Chrysler	6.5	
Ford	42.6	4
Total Imports	18.4	1
(of which VW)	(7.8)	(

Source: SMMT.

Gear

CONTINUED FROM PREVIOUS PAGE

the kind of products made by the U.S. companies with the characteristics of small trucks rather than toughened up cars —the more usual European solution. In America this kind of vehicle has had a phenomenal growth record in the past decade.

Indeed, the pickup trucks and van sectors have expanded more rapidly in the U.S. than either heavy trucks or cars, partly because they have become associated with the "get-away" weekend leisure market, and partly because of their appeal to the young as "carry-all" vehicles ideal for sporting weekends. Now the Japanese have imported this vehicle concept to Europe with a more serious purpose in mind, although there are signs of a trend towards a similar leisure market.

Indeed, one of the most intriguing new vehicles year has been the C Rancho, an all-purpose produced in co-operatio Matra, the French ae company, which owes a deal visually to the Rover.

Four-wheel drive ve with cross-country cap generous space and c capacity, could become the significant growth a the European industry next decade. Within a y so, Mercedes will be in tion to launch the new it has designed in this ca in conjunction with Daimler-Puch of Austria. the same time, British L will be raising its pro volumes on the Range an Rovers in readiness fo combat. This is a market is bound to see more ec tion.

The diesel versus petrol debate

THE DEVELOPMENT of the supermarket concept has been one of the formative developments in the popularity of light vans and trucks. Few other types of vehicle have left so large an imprint on the way in which distribution is organised. The system of bringing containers or bulk loads to out-of-town depots to be broken down for local delivery by vans continues to thrive, whether by petrol-engined or diesel-powered vehicles. And while the justification for the additional capital expenditure on a diesel may be difficult to arrive at, even for a fleet owner, the avoidance of petrol pilferage can be a telling factor sufficient to influence the balance.

A great deal depends, of course, on the price of diesel fuel relative to petrol. In the U.K. it is within about 3 per cent. but in Germany it is more expensive than petrol, while in Italy the disparity with petrol is of the order of 300 per cent., with the result that transport is heavily dieselised, and Italy offers one of the most active markets on the Continent. Policies that encourage the use of diesel as a fuel or discriminate against it, however lightly, are bound to influence markets, but the interesting thing is that even where the policy appears on the surface to be discouraging, the use of diesel engines continues to grow proportionately, and this is especially noticeable in the light van and truck field.

Estimated

It is estimated that more than half the trucks and virtually all the "heavies" in Europe are diesel-powered, but in the lighter-weight classes, up to 6 tonnes, the petrol engine has been fighting a tenacious rearguard action. Indeed, producers of vans and light trucks fitted with either engine option have been known to assert that for some operations, particularly one-man businesses where the vehicle does not do a great mileage and stands around a lot, a petrol-engined version would be more economical. On the other hand, it is as likely that a fleet owner with a variety of commercial vehicles up to 32 tonnes or a company operating a leasing system will specify diesels for the lighter end of the range, even though petrol may be more suitable, in order to simplify servicing and maintenance. As far as can be estimated, the proportion of the European commercial vehicle population up to 6 tonnes is about 30 per cent. dieselised. In most countries this sector of the market offers the biggest potential, and it is significant that it is growing at the rate of around 15 per cent. annually, or more than twice the overall average.

Without question, the vehicle that has done most to influence the lightweight end of the market has been the Transit, the millionth of which rolled off Ford's assembly lines at Southampton last September. The Transit was Ford's first major European co-operative product, and is also made at Genk in Belgium, with each plant running at around 50,000 units a year. Of the total build, most have been sold on the home market, where Ford holds an impressive—and envied—44 per cent. share.

Impressive

Perhaps even more impressive is that the Transit accounts for something like one in five medium commercials sold in Europe. Counting in components sent to the Genk assembly lines, it has brought back well over £450m. in exports. Last month, partly profiting from the effects of the five-week toolroom stoppage at British Leyland, Ford easily dominated the middle range vehicles, with General Motors (Vauxhall) gaining 18.6 per cent. with its Bedfords and Leyland following with 14.3 per cent. Chrysler's (ex-Commer) share was 6.25 per cent., and imports were close to 16 per cent., nearly 3 per cent. better than in the same month of 1976.

Like Ford, Vauxhall has a European production plant for its successful CF 250 Bedford van, situated in Portugal and fed with components from the Luton plant, while the 2.1 litre engine comes from Opel in Germany. Demand, both in the U.K. and the rest of Europe, for the van, which is in the 2.2-3.5 tonne range, has risen steadily, with sales tending to outperform the market. Production was substantially increased last September with the introduction of a second shift, and this was responsible for lifting exports to Europe by no less than 47 per cent. over 1975.

Further advances have been charted in the first five months of this year, when CF registrations in the home market at 6,686 were nearly 18 per cent. above those for the corresponding period of 1976. The drive into Europe accelerated very much faster, with shipments nearly doubled from 5,039 to 9,950. Most of the increase came from Italian sales, up from 1,042 to 3,996, while sales in Germany rose from 1,291 to 1,729.

Lying in third place, with 15.5 per cent. of the market behind Bedford's 18 per cent., is the Sherpa from British Leyland's Birmingham factory. This, too, has been a highly successful model. Unlike the two others, however, it has a more restricted role, and does not compete in the 25-35 cwt payload sector of the market, which accounts for a quarter of the total.

It operates in the 1.85-2.6 gvw sector, and has only one engine option the petrol or diesel version of the well tried 1798cc "B" series. Dealers have been pressing for a bigger Sherpa to extend the range, but no decision on this has been made. The model was launched in Europe only last year and has still to penetrate markets in significant numbers. Interestingly, while the U.K. production split is 80/20 diesel/petrol, the split for Europe is 78/22, though in accordance with the trend, this is improving. In fourth place, with just over 6 per cent. of the market is Chrysler with its rather elderly Dodge (formerly Commer) range powered by a 1725cc unit.

The chief competitors in Europe are VW (Volkswagen) and Daimler Benz, which are fighting it out with Ford and Vauxhall (General Motors) in 15 markets stretching from Portugal to Sweden. For while Peugeot, Renault and Citroen, in that order, hold the first three places in France, Europe's biggest diesel market, Peugeot is the only one to appear again, in third place in Portugal behind Ford and GM. Fiat, too, while outselling the opposition two to one in its own country, Italy, figures again only in third place, in Belgium. Ford, on the contrary, is named in the first three of 13 of the markets, five times as leader, just one behind VW. General Motors puts up its best performance in Portugal, where it has a Bedford assembly plant, lying second to Ford. Thus the battle lines are fairly clearly delineated.

In the first quarter of this year the market was again pushing ahead in this medium commercial vehicle category, with sales running at an annual rate of 552,000. This compares with 502,000 last year, representing a strong recovery from 1975's low point of 427,500. British sales were made against the trend. Thus Ford, for instance, improved its overall penetration of the 15 markets to more than 19 per cent. in 1975, a gain of 1.5 per cent. in a falling market.

Expansion

This, together with the recent expansion in European sales by Bedford and Leyland particularly, clearly points to a high degree of U.K. technical competitiveness since vans and trucks are essential tools of business. In point of fact U.K. producers have also gone to great lengths to improve as far as possible the ride, ease of handling, manoeuvreability, silence and overall driver comfort of their light commercial vehicles to make them in these respects as like a car as possible.

A recent test of five of Europe's leading makes—the Transit, Bedford CF250, VW Transporter, Sherpa and Dodge (formerly Commer) PB2500—was quite revealing. While road tests are no substitute for actual fleet operations, they can nevertheless indicate some general conclusions. The VW came bottom in overall road use fuel economy. On the other hand, in another transport magazine road test the Sherpa was found to be the only (loaded) van to break the 50 mpg barrier—"an all time record."

While models in this range most frequently appear in the guise of vans or trucks, they have a much wider application in expanding markets, as, for example, motor caravans, minibuses, security vehicles, tippers and local authority workhorses. With this segment of the European market moving upwards again, and the U.K. demand likely to improve from last year's 81,000 to 85,000 or thereabouts, there appear to be sound reasons for believing that U.K. producers will continue to deepen their penetration in Europe.

Peter Cartwright

Four-wheel drives

ONE OF THE least publicised but most successful of British Leyland's operations, and indeed of British vehicle exporters as a whole, is the production of four-wheel drive vehicles, namely the Land-Rover and Range Rover models.

The world-wide success of the Land-Rover over many years has created a demand which has been hard to meet, while the comparatively recently introduced Range Rover has similarly been well received.

The virtually complete domination of the British four-wheel drive market by Land-Rover is illustrated by the fact that last year's registration of 7,640 of an almost infinite range of Land-Rover models accounted for slightly more than 97 per cent. of the domestic market. Only 225 foreign-made vehicles of the type were imported.

Similarly in the first quarter of this year there were 2,100 Land-Rover registrations which again accounted for 97 per cent. of the market, but British Leyland, despite beating off foreign competition, remains aware of the dangers of complacency.

Salesmen

While the role of salesmen has virtually become redundant because of the demand both at home and abroad, it is thought necessary to continue promoting both Land-Rovers and Range Rovers by means of demonstration. Leyland believes that customers should understand what they are buying and get the best out of the vehicle.

"We want to make sure that people don't underestimate the capability and versatility of the product. For example, many people don't realise that the off-road capability of the Range Rover is as good as that of a Land-Rover and even better in some respects," Leyland said.

As a result, demonstration vehicles have been touring the country and are put through their paces at convenient shows and functions. "Some people make no better use of their Range Rovers than driving them onto the verge at point-to-points," Leyland added, "we want to show people they can do a lot more."

Last year registrations in the United Kingdom of Range Rovers amounted to 1,880, making up only 0.15 per cent. of the total British market for cars and estates and in the first quarter of this year 400 were registered, making up 0.11 per cent. of the market.

Problems

Due to lack of immediate availability of the Range Rover, because of the high demand both at home and abroad, free market penetration has never been tested. But it is believed that under these conditions sales could amount to around 0.25 per cent. of the total car and estate market. One of the major problems is how to distribute the available vehicles between home and export markets.

It was thought that too great an emphasis on exports could damage relations with buyers in the U.K. and could possibly open a crack for foreign competitors, but the only real competition so far has come from Toyota's Land Cruiser, which has failed to amount to a real challenge. Plans to take more positive steps to overcome the problem, by increasing production, are well under way although Leyland will not yet reveal details for fear of alerting competitors to their intentions.

Nevertheless, the Land Cruiser has proved a major challenger to the Land-Rover in many export markets, and with production at around 100,000 units a year it is almost double that of the British Leyland vehicle. American Motors' Jeep is made at the rate of around 120,000 vehicles a year.

With around 80 per cent. of Land-Rover production being exported and slightly less in the case of the Range Rover, it is crucial to Leyland that demand in these markets can be met, particularly for large specialised orders from military and similar sources.

Notable successes last year in this respect included a number of such orders. The Royal Netherlands Army completed a two-part order for Land-Rovers by taking 600, mainly ambulances. The first part of the order, placed in 1975, was for 2,625 vehicles.

Similarly the Australian Army ordered 2,100 vehicles, and the Government of Saudi Arabia 1,400. A total of 3,000 Land-Rovers and Range Rovers were sold to Algeria during the year and a further order for 1,110 has been secured.

In an effort to meet requirements such as these, particularly from developing countries, Leyland has also increased its overseas assembly facilities. During the year agreement was reached with the Nigerian Federal Military Government to establish a new Land-Rover and commercial vehicle assembly and manufacturing plant at Ibadan.

Assembly

The company's Kenya assembly plant was also completed during the year within time and cost objectives, and was officially opened in December by President Kenyatta. The Tanzanian Government also decided to standardise on Land-Rovers and Range Rovers for its four-wheel drive fleet and in December ordered 300 Land-Rovers for assembly at the Tanzanian factory of the Leyland distributor Cooper Motor International.

Although there remains no serious challenge to Leyland in most markets, the increasing popularity of this type of vehicle worldwide, particularly in the United States, means that competition in export markets could become more severe in future.

Motor caravans are increasingly in strong demand, and CI autohomes, part of Caravans International, claimed to be the largest caravan builder in Europe, continues to dominate sales, taking around 75 per cent. of the market. The company is Britain's major motor caravan exporter, sending some 30 per cent. of its total production abroad.

Last year the company signed a contract with British Leyland for the supply of 150 Sherpa chassis cab units. Coachbuilt products are, according to Leyland, the most buoyant sector of the motor caravan market and their sales, as a proportion of the total, have doubled over five years and now account for one in every five motor caravans sold.

One of the strongest foreign competitors in this field is Volkswagen, which has traditionally offered quality and practicality in this specialised field, where a very wide range of conversions is available.

Lorne Barling

The markets become more international

BRITAIN'S TRADING in small commercial vehicles expanded considerably last year both on the export and the import front. Exports went up quite significantly, helped by the competitiveness deriving from the *fall in the exchange rate*, the strong drive of the Ford Transit into overseas markets, and bigger efforts to sell the Leyland Sherpa and the Bedford CF van in other European markets. But against this there was a significant increase in the sales of imported vehicles in this category, a development which has shown every sign of continuing this year.

These are trends which can be expected to continue. Manufacturers to-day are paying more and more attention to this sector of the market, and are beginning to design vehicles which are more compatible for overseas sales. At the same time, new ranges are being introduced which give much wider international representation in the many different light commercials.

For a start, in the more exotic sector of four-wheel-drive cross-country vehicles, such as the Land Rover and Range Rover, a procession of new products are coming on the market. Very much created by Rover, which exports up to 70 or 80 per cent. of its output, the market has been developed by the Toyota Landcruiser which is now on sale in Britain. In overseas conditions, and particularly on the more rugged roads associated with developing countries, the Landcruiser has proved a tough competitor to the Land Rover, if only because it is produced in greater numbers—about 100,000 units a year against the Land Rover's 50,000.

A threat by Jeep, the American Motors subsidiary, to begin imports to the U.K. has never really developed, but the Aro vehicle brought in from Eastern Europe has added to the competition, and Rover will soon be facing a new product manufactured by a joint Mercedes/Steyr-Daimler-Puch group. This vehicle, aimed at a slot between the Land Rover and the Range Rover, and using Mercedes mechanical parts, could pose a serious threat in the future. On the other hand, Rover itself will be expanding production in the next year, and probably giving the Land Rover a facelift.

Launch

In the light van sector, competition is also hotting up, spurred on by the launch of new models from Volkswagen and Mercedes. Britain has had a particularly healthy export record in this field, largely because of the impact made by the Ford Transit overseas. The Transit, which has benefited on the Continent in the last few years because of its diesel engine option, is now being exported throughout the Continent as well as into Britain's more traditional export markets. Out of a total output of almost 70,000 units at the Southampton plant last year, more than half were exported.

Bedford, using a newly-introduced diesel engine in its CF van, has also been stepping up Continental sales, and Leyland *is* just beginning to press ahead with the Sherpa van in Europe. Leyland sold 1,500 Sherpas on the Continent last year, and 800 in the January-April period this year.

Britain also managed to reduce imports in this sector in 1976, mainly through a substantial fall in sales of the Toyota Hi-Ace van, which was probably due largely to fiscal changes on motor caravans. Toyota's sales fell from 2,544 to 1,904, and Fiat van sales also fell slightly, from 1,666 to 1,654. *On the other hand*, Volkswagen improved registrations slightly following the launch of the new LT vehicle (up from 5,005 units to 5,239), and Mercedes-Benz, with a big marketing push, raised sales from 1,015 to 1,203. Overall import registrations fell from 11,896 to 11,587 units.

Where importers really scored last year, and are continuing to do well in 1977, is in the car-derived van and pick-up sector. Last year, import sales *in this sector* rose to *10,233* from 7,205 in 1975, and this surge in growth is still continuing, with sales up from 2,945 to 4,730 in the first five months of 1977 despite an overall fall in the market from 31,129 to 29,641 units. This expansion is the result of improvements in sales by virtually every importer in the field.

Chrysler, for example, has had a significant response to its Simca van, and Renault and Peugeot have both improved their penetration this year. But *the big surge in imports* has come from the Japanese companies, which entered the sector in force only last year. The Datsun and Toyota pickups and the new Honda light van have all made an immediate impact. Last year, for example, Datsun sales rose to 3,506 units from only 27 in the previous year, and Honda reached 1,140 from nothing in 1975. In the first five months of this year, Honda has already notched up 1,069 unit sales, and Datsun has improved its registrations from 518 to 634 units in the same period. Toyota has achieved 194 registrations from nothing last year.

Part of the reason for the Japanese success lies in the nature of the products they are offering. The relatively heavy-duty Datsun pickups are more robust than their British equivalents, and have created a new demand which was not really being served before. And the Honda van, almost an enclosed mini-vehicle, with an engine of less than 700 cc displacement, is an *utterly unique product.* Although extremely cramped for driving space in contrast to the average European vehicle, it has clearly found a place as a short-range distribution vehicle for small shopkeepers and businessmen.

British manufacturers have by contrast with the importers, had a sticky period in this sector. Leyland's sales have dropped by more than 4,000 vehicles to 9,387 in the first five months of this year compared with last, and Ford has dropped well over 1,000 to 7,932. Leyland's industrial troubles have been an important factor in this decline, and Ford's disappointing output record at Halewood, where the Escort van is manufactured, has not helped. A series of disputes this year have undercut healthy demand for the vehicle. By contrast, Bedford has put on a lot of sales to register 7,513 units against 5,293 in the same period last year, partly as a result of the introduction of the new Chevette van.

Buoyant

Mainly as a consequence of the rapid rise in imports among these car-derived vehicles, Britain's import bill on light commercials went up last year by 61 per cent., from £15m. to £24.2m. On the other hand, the more buoyant export trade pushed up the export earnings by 39 per cent. from £109.3m. to £152.1m.—giving a positive balance of trade in this field *of £24m.*

The best prospect of exports in this field lie with the Transit, of which more than half its 70,000 unit output in Britain already goes overseas, and the Leyland Sherpa and Bedford CF vans. At the moment the Chrysler Commer PB van is not having particularly buoyant sales, and hopes of a boost in Chrysler commercial vehicle export sales really depend on the new lightweight model promised next year.

Leyland's Sherpa, la[...] in late 1974, has only bee[...] ing on the Continent since last year, but has now introduced in most o[...] major markets other [...] Germany. As with the [...] duction in the U.K., L[...] at first suffered a lot of a[...] comments on the ve[...] looks, and then a gradual towards appreciation o[...] reliability and handling. Bedford, which recently [...] duced a new diesel in th[...] Leyland has found great a[...] ability for its diesel versi[...] the Continent (about 9[...] cent. of all sales), but [...] like to sell more petrol e[...] —the Sherpa uses the [...] engine and the MG ge[...] and can return almost 30 to the gallon in the [...] version.

Export build-up, ho[...] may well be slow b[...] Leyland probably has ca[...] for only about 15,000 S[...] at the Common Land, Bi[...] ham, factory where it is [...] and is determined to [...] supply assured before adv[...] into new markets. The [...] term future, therefore, d[...] on the new model ranges will be developed in the commercial area.

Terry Dodsw[...]

Continenta[...] challenge

THE POST-WAR creation of large pan-European car companies in Europe is now being followed by the development of similar commercial vehicle organisations. Several manufacturers, particularly Mercedes, Volvo and Scania, have developed strong marketing networks across the Continent and the U.K., with the emphasis on the heavy vehicle side where international servicing ability is a prime requirement. Mercedes is now developing a similar international operation in the smaller vehicle categories, to be followed by Fiat, which has put together the IVECO group (Fiat and OM in Italy, Unic in France, and Magirus Deutz in Germany) and Ford.

In the light vehicle field these moves have only recently become relevant. This is the last major sector of the vehicle industry to be treated on an international European basis. But as the bigger motor groups have turned their attention to this field, the smaller companies have either had to link up with the dominant concerns, or forge collaborative ventures.

Joint

One of the first results of these collaborations was the Club of Four truck which was designed as a joint venture between Saviem, DAF, MAN and Volvo, with some of the units being made by one of the individual participants, but final assembly kept under their own responsibility. This development, which produced what is generally reckoned to have been a sound, though rather expensive vehicle, still has to prove itself. Getting the product into final shape took longer than expected, and none of the manufacturers have so far made a big impact with the product.

At the same time, the group have been overtaken, and virtually made redundant by events: DAF is now part of International Harvester of the U.S., the biggest truck company in the world, and also owner of Seddon Atkinson in Britain. Saviem and Berliet have been brought together with the help of the French Government, following the financial crisis at Citroen, the owner of Berliet. Volvo is now working on merger proposals with Scania. And MAN, which already has licensing deals with Roman in Romania, is now planning a new light truck with Volkswagen.

There are signs that these new alliances within the European industry will be more permanent than the arrangements which preceded them. In the case of VW and MAN, for example, there is a clear desire to put together a group which can span the light commercial vehicle sector (through the VW LT range), the heavier products (through the existing MAN models), and the intermediates (through joint projects). The planned new light truck, which will span the gap between the Volkswagen LT and the lower end of the MAN range, will use MAN diesel engines and running gear, and the LT cab.

The LT itself, backed by Volkswagen's big distribution network, has had some success in Europe since its launch about a year ago, its diesel option helping to widen its appeal in Germany in particular.

The big questions for the immediate future concern the developments in the new Saviem/Berliet group in the French industry, and the Fiat-backed IVECO organisation which has brought together companies in Italy, France and Germany. Both these org[...] tions can be expected to [...] push into lighter vehicle[...] both are believed to be pla[...] new vehicles. Fiat is a p[...] in a group with Savien[...] Alfa Romeo which is goin[...] small diesel engine manu[...] ing.

In unit terms, the [...] significant sector amon[...] small commercial vehic[...] the heavy pick-up and [...] range between about 1 to 3.5 ton gross vehicle w[...] This "medium" comm[...] market probably accoun[...] about 40 to 45 per cent. van and truck sales in E[...] with 25 per cent. going t[...] derived vehicles, and 3[...] cent. to the heavier tr[...]

By far the two stronges[...] panies in this field are For[...] Volkswagen, which both [...] about 20 per cent. of the [...] ket. As yet, Mercedes has a smaller international i[...] than might have been ex[...] and Fiat is far stronger i[...] than anywhere else. [...] French companies. Pe[...] Renault and Citroen do[...] their domestic market bu[...] done little elsewhere in E[...] even though French sal[...] 109,000 units in this fiel[...] the biggest in Europe.

The French companies [...] elsewhere in Europe fr[...] commitment to front-drive technology in this [...]

Mercedes, which used t[...] front-wheel drive on one [...] Hanomag-Henschell vehic[...] inherited, has dropped [...] system, and the new B[...] vans which it has re[...] launched are conven[...] vehicles rated at 2.5 [...] tonnes gross vehicle w[...] and using many of its car components. With a prod[...] volume of about 40,000 u[...] year for the van, and a [...] which gives it car-type d[...] characteristics, Mercede[...] obviously going to make a [...] European push in this se[...]

Mercedes has chosen a [...] split at 3.5 tonnes for its B[...] series, with the market for vans heavier than that [...] by its Dusseldorf range. [...] is a similar approach to t[...] adopted by Ford with Transit, and Bedford wit[...] CF, both of which have [...] an upper limit of 3.5 [...] because commercials und[...] weight can still be driven [...] car licence.

A different approach ha[...] adopted by Volkswagen wi[...] new LT range, which sta[...] 2.8 tonnes and goes up [...] the 3.5 tonnes break [...] Similarly, Leyland has sp[...] range, with the S[...] launched in late 1974, spa[...] the smaller Transit-type [...] at 1.85 tonnes to 2.5 tonne[...] the heavier weights [...] covered by the Bathgate R[...] EA and FG vans.

The other area of signif[...] in international marketi[...] day is diesel engines. Tra[...] ally this sector of the co[...] cial vehicle industry ha[...] been heavily dieselised, bu[...] is changing, and manufac[...] of diesel options have [...] healthy lead on their rival[...] ing the last two years. Ford has recently forge[...] Italy with the diesel T[...] and VW made sure that [...] a diesel option for its L[...] The industry also believe[...] VW will use the Golf die[...] its replacement for the [...] porter, which is expected [...]

Meanwhile, 90 per ce[...] Sherpa sales on the Con[...] are diesel, against 60 per [...] of the Transit, 50 per c[...] the Bedford CF, and 9[...] cent. of the Mercedes ve[...]

Lightweights battle it out

THIS WEEK'S news that Mitsubishi Motors, Japan's largest commercial vehicle company, is planning a major assault on the U.K. market which could lead to its backing a truck assembly operation in this country or on the Continent must have caused a shudder to run down more than one spine in the British industry. For one major feature of the van and car-derived vehicle market over the past year has been the success of Japanese companies, notably Datsun and Honda at the lower end of the weight range and Mazda and Toyota further up the scale, in a sector which, a couple of years or so back, they were scarcely competing in.

The fear, obviously, is that Japan's success in the car field is all set to be repeated with commercial vehicles. Indeed, to an extent it is that very success with cars which has impelled the assault the van and light truck market is now seeing. For the rapid growth of Japanese car sales here led eventually, following strong protests from the U.K. industry which were repeated at Government level, to what is best described as an understanding that imports would be restrained. And that in turn prompted the importers to seek ways of reducing the impact of cutting back car sales.

The light commercial vehicle market was the obvious answer. The sector is one in which the Japanese have a considerable record of proven success elsewhere: commercial vehicles production is a big business in Japan, and most manufacture is, because of the nature of the country's roads, concentrated at the lighter end.

Outside Japan, and in the U.S. in particular, Japanese vehicles now dominate the pick-up market, a sector in which Europe was once a strong force. In the 4 x 4 arena, Toyota is now producing around 100,000 of its Land Cruisers a year, nearly double the output of British Leyland's Land-Rover, to which it has become such a major rival, and almost matching the output of American Motors' Jeep, of which 120,000 are made each year.

So the portents have long been there for Japan's slicing out for itself a large chunk of the light commercial market in Britain (and elsewhere): indeed, the only surprise might be that the challenge took so long to emerge as it did. As to how successful that challenge is proving, the figures speak for themselves.

Thus, to take the lower end of the market, the car-derived vans and pick-ups of below 3½ tons gross vehicle weight (the point at which a special operators' licence is required), 70,618 were sold last year. And Datsun, with just 27 vehicle sales in this category in 1975, sold 3,506 of them. Honda, whose TN 306 panel van (not a car-derived vehicle but, nonetheless, firmly in the same sector, competing as it does with such vehicles as the mini-van and the van variant of the Renault 4) was one of the more interesting of the new offerings at last autumn's commercial vehicle show, was responsible for 1,149, of them, a truly phenomenal performance for a company which did not even enter the market until the last three or four months of the year.

Aluminium

The Honda has an overhead camshaft engine of a mere 354cc, made largely from aluminium alloy and capable of 50 miles per gallon of two-star petrol while on in-city stop-go delivery work.

It has continued its sales success so far this year: in the five months to the end of May it accounted for 1,069 registrations out of the U.K. total of 29,841. This brought it to the top of the import table after Chrysler France, whose vehicles in this sector are sold as an integral part of the range of Chrysler U.K., which is not a direct combatant in this field.

Datsun, too, which had previously been the number one importer after Chrysler's French arm, also notched up a significant sales total with 634 new registrations against 518 in January-May, 1975.

Overall, the importers' share of the market has been increasing substantially, with a penetration of around 18 per cent. in the first few months of 1977, almost double that of a year before. And the larger part of the advance was accounted for by the Japanese.

Thus last year saw 70,618 car derived vans and pick-ups sold, 1,056 fewer than a year before. Yet imports were up by 3,028 to 10,233, and this was against the background not only of a single year-on-year fall in the total market but a gradual decline in sales dating back to 1973, when they totalled 83,000. Then came the abolition of purchase tax, which did not apply to vans, and the introduction of Value Added Tax, which does. The result was to remove from the list of prospective purchasers a large number of private motorists looking for car or near-car comfort at a price significantly less than that of the conventional car equivalents of the vans they might have bought.

In the first five months of this year, as the full impact of Honda's sales effort became apparent, the relative increase in the importers' share became even more marked. The overall market improved slightly, from 29,841 in January-May 1976 to 31,129, as the economic depression started to ease. But importers' sales leapt up to 4,730 against 2,945 a year before.

Importers

It would be wrong to over-emphasise the current position of the importers in general and the Japanese in particular: the market generally remains dominated by the U.K. producers, unlike the car market.

Thus British Leyland, the dominant British manufacturer, whose Mini and Marina-derived vehicles account for around 40 per cent. of all car-derived vehicle sales, sold more than twice as many vehicles in this sector last year as all the importers put together. But a year before it was selling over four times as many. Bedevilled by the same sort of problems that have hit its car production and sales, its 1976 total was only 27,047 against 31,851 in the previous 12 months. And in the first five months of 1977, it sold 9,387 compared with 13,649 in January-May, 1976, even though the overall market was improving.

Ford, by contrast, notched up a sales increase in 1976 with 20,042 new registrations of car-derived vans and pick-ups against 17,961 the previous year. But the first five months of the current year saw a reverse, with 7,932 sales compared with 9,242 in the corresponding period of 1976.

For Bedford, the General Motors subsidiary which is the only other significant U.K. contender in this market sector, the picture was the exact opposite. A total of 14,910 sales in 1975 was followed by a fall to 13,284 last year, with a resurgence in the first part of 1977 to give a January-May total of 9,242 compared with 7,932 in the initial five months of 1976.

Further up the size range, the picture is not quite so gloomy for the U.K. producers. British Leyland, reasserting its traditional strength once it moves away from its car factories, increased its sales of other vehicles in the up to 3½ tons class last year with 20,868 new registrations against 20,066 in 1975. Ford saw a slight decline though it remained market leader with 32,632 sales against the previous year's 34,860. Bedford sales fell to 11,864 against 14,559, and Chrysler U.K. saw its fall to 5,341 compared with 9,432.

Given that the total market fell by 3,144 to 82,552 these are relatively creditable performances. Yet again, however, the importers fare better than their U.K. competitors, with total sales down by only 309 to 11,587. Volkswagen, the leading importer in this class, increased its sales from 5,005 in 1975 to 5,239 and Mercedes-Benz from 1,015 to 1,203. But the other major importers all saw falls of varying magnitudes, with Fiat's new registrations down from 1,666 to 1,654, Mazda's from 1,395 to 1,251, and Toyota's from 2,544 to 1,904. In the first few months of this year, the importers' total market share fell from 18.4 per cent. In January-April 1976, to 16.4 per cent.

Alongside this the success British manufacturers are having overseas: Ford, for example, has boosted production of its 12-year-old Transit (which is also made in Belgium) and still takes about 45 per cent. of the U.K. panel van market with it. In Italy, to take one overseas market, the company has about one-third of all sales for vehicles of its class with the diesel-engined Transit, despite low car sales, and is using the range there and elsewhere to establish a presence on which sales of other commercial vehicles further up the weight range can be based.

Similarly, Leyland's success with the Land-Rover has been immense and the vehicle remains a strong seller throughout the world despite the impact of Toyota's Land Cruiser. Its Sherpa range, which starts where the car-derived vehicles leave off, is also selling well overseas as well as at home. And Bedford has gained considerable success on the Continent with its CF and heavier TK van ranges, helped by the fact that its fellow General Motors subsidiary, Adam Opel of West Germany, does not make commercial vehicles, leaving its Dunstable, Beds, based counterpart a clear run.

What the Bedford position well illustrates is the growing internationalism of the market as a whole, something seen similarly in Chrysler's decision to compete in the lower weight sector with imports from France and in the same company's recent move to change the name of virtually all its commercials, with one or two very minor exceptions, to Dodge, marking the end of the Commer and Karrier marques. Dodge is the name under which its heavier vehicles have been known for many years; it is also the name under which all its commercial vehicles have long been sold in the U.S. and on the Continent. By using it universally, Chrysler, which has been scoring notable successes lately in selling to the Post Office, hopes to be able to make a greater impact with its U.K.-built vehicles both at home and abroad.

Whether such a move is any substitute for new products, however, is at the least questionable. For this is where the importers have been scoring. The British companies have been going through a period of model rationalisation and improvement rather than launching new contenders. Thus, at the last commercial motor vehicle show, when Honda threw down the gauntlet with its TN 360 van and Toyota introduced its Corolla 9cwt. van the sole new British vehicle in the same rough market sector was the Bedford Chevanne, based on the Chevette car and complementing the company's Viva-based HA models.

Plans

The one certain thing is that competition throughout the light commercial vehicle field is certain to increase, with Chrysler launching a newcomer that will compete head-on with the larger versions of the Transit, Mercedes with a new panel van, and, at the other end of the size spectrum, British Leyland now getting on with the job of producing a Mini replacement. And then there are those plans of Mitsubishi, with its proposed Canter light truck, medium-sized panel van and 7.5 ton vehicle.

The British manufacturers do have a price advantage in a highly price-conscious sector of the motor market, especially at the top end of the light commercial spectrum. But, though they are pressing that to the full in their largely successful pursuit of exports, many are the sleepness nights that must be being caused by the imports challenge at home.

David Walker

PARLIAMENT and POLITICS

Callaghan clashes with Tory leader in renewed Grunwick pickets row

BY JOHN HUNT

THE ROW over the Grunwick picketing dispute erupted in the Commons again yesterday with the Prime Minister accusing Mrs. Margaret Thatcher, Leader of the Opposition, of merely seeking to make capital out of the affair.

For her part, Mrs. Thatcher repeatedly challenged Mr. Callaghan to come out with a forthright condemnation of the violent tactics of the pickets.

The Prime Minister agreed that the situation was now extremely serious and said that in an attempt to defuse it, he had suggested to APEX, the union concerned, that their official pickets should identify themselves with armbands to distinguish them from demonstrators who came in from outside.

But this did not go far enough for the Tories, who believed that the Prime Minister was trying to dodge the question which had been put to him.

Mrs. Thatcher intervened again to chastise Mr. Callaghan for his failure to give "a total condemnation of the intimidation and violence on the picket lines."

The Prime Minister then riposted by calling on her to make clear that she totally supported the right of anyone to join a trade union without being dismissed for doing so. When this undertaking was not forthcoming, the proceedings were drowned by a chorus of Labour jeers and boos at the silence of the Opposition leader.

There were howls of anger from the Tories when Mr. Martin Flannery (Lab., Hillsborough), one of the MPs who visited the picket lines, condemned the police and shouted: "They are a lot of hooligans — we saw them."

The row then spilled over into a private notice question to the Attorney General, Mr. Sam Silkin, over his responsibilities concerning the stoppage of mail to Grunwick by postmen at the Cricklewood sorting office.

The Tories demanded that he should take legal action against the postmen under the terms of the Post Office Act. But Mr. Silkin would only say that it appeared likely that there was a prima facie case that the Act had been breached.

In the light of this, he had written to the chairman of the Post Office asking for information on the steps he had taken or proposed to take in the immediate future under the Act.

The Tories were further angered when Mr. Silkin argued that if hasty action were taken by his department, it might result in a wholesale strike by members of the Union of Post Office Workers. The Opposition saw this as an abdication of the Government's duty in the face of union action.

In the exchanges during Prime Minister's question time, Mr. Callaghan said he had no intention of visiting the Grunwick picket line. He said he had made the suggestion about pickets' armbands so that those who had latched on to the dispute in an attempt to turn it into a political battle could be kept clear of Grunwick.

He made it clear that his remarks applied to the National Association for Freedom as well as to demonstrators who supported the pickets.

Mrs. Thatcher demanded that he should make it plain whether he was saying that people should keep away from the picket line on the grounds that large numbers could themselves be intimidating and obstructive.

She wanted to know if he fully supported the police in the way they had carried out their dangerous duty and whether he endorsed the right of all law-abiding citizens to go peacefully to work.

In reply, Mr. Callaghan condemned Mrs. Thatcher for the statement she had issued on Grunwick the previous night. He thought that this had been unnecessary and was another

MRS. MARGARET THATCHER
"Alarming scenes."

example of a politician latching onto a particular dispute. The police were in no doubt about the support which the Government was giving them, he added.

Returning to the attack, Mrs. Thatcher said that the scenes shown on television from the Grunwick Laboratories in North London almost daily were most alarming to the public.

"So far we have had no total condemnation of intimidation and violence on the part of the picket-lines from you" she said.

Mrs. Thatcher thought that the Prime Minister had failed to answer her question about the right of people to work and she recalled that he had recently failed to condemn the action of three of his Ministers who had appeared on the picket-line in a display of solidarity.

But the Prime Minister merely told her: "This reinforces my view that you are trying to turn this into a political battle." He agreed that it was the duty of the police to protect citizens who wanted to go to work, but it was also their duty to protect the right of peaceful picketing.

He had suggested to APEX that it should try, together with the Commissioner of Police, to limit the number of pickets. "There is no need to try to make this situation worse. We ought to try to keep the temperature down," he urged.

There were further heated exchanges when Mr. Callaghan recalled that Mr. James Prior, Conservative employment spokesman, had endorsed the recent recommendation of ACAS that Grunwick should recognise APEX. There was more Labour jeering when Mrs. Thatcher failed to take up his challenge on this point.

According to Mr. Leon Brittan (C., Cleveland and Whitby) one reason why the dispute had become so violent was because of the publicity given to it when three Ministers went on the picket line. But Mr. Callaghan sidestepped the question by declaring that he was still waiting for at least one member of the Opposition to come forward and defend the right of a worker to join a union without being dismissed for doing so.

In his statement to the House, Mr. Silkin said that the action by the employees at the Cricklewood sorting office was, according to his information, contrary to the instructions of their union's executive committee and general secretary. "Those instructions are being followed at other sorting offices and Grunwick is receiving its inward packages for processing in the normal way.

"The Post Office has a responsibility to deliver the mail and I have to consider whether I should take action to enforce the provisions of the Post Office Act having regard to the facts which I have stated.

"I have explained in answer to questions that responsibility for taking whatever action is necessary to ensure compliance with the law is normally for the Post Office, for very good reasons which I gave.

MR. JAMES CALLAGHAN
"Keep temperature down."

"I said that it was of the greatest importance that the Post Office, which is best placed to establish the facts and has to take decisions affecting delivery of the mail to the public generally, should be left to carry out its responsibilities and that only in the most exceptional circumstances should the law officers step in so as to take the matter out of the hands of the Post Office.

"On the information available, it would appear likely that there were prima facie continuing breaches of the Post Office Act.

"In deciding whether those exceptional circumstances exist I have to take into account the damage caused by a failure to ensure that the law is complied with on the one side, and on the other, the risk of grave damage to the public as a whole if action taken is likely to provoke far more widespread repercussions.

"In making this balance, it is plainly necessary for me to do so with the best possible information as to the intentions of all those concerned, and in particular of the Post Office itself.

"I have therefore formally written to the chairman of the Post Office asking him to inform me of the steps which he has taken or proposes to take in the immediate future to take in accordance with the responsibilities of the Post Office."

Sir Michael Havers, Opposition law spokesman, insisted the Attorney General should take immediate action so that Grunwick was not forced to close down as a result of "illegal and gross breach of duty."

Mr. Silkin stressed that he would follow a doctrine laid down by his predecessors. If there was an offence committed it did not mean that prosecution should automatically follow.

He pointed out that there would be no offence against the criminal law if sorting workers as a whole decided to withdraw their labour which could happen because of premature action.

Sir Derek Walker-Smith (C., Hertford) urged Mr. Silkin to "give an unequivocal undertaking to give priority to the rule of law" and not seek to promulgate the doctrine that enforcement of the law became unnecessary or impractical if a sufficient number of people combined to seek to break it.

Mr. Silkin replied angrily: "You know very well that is not what I said." Simply because an offence had been committed, it did not therefore follow automatically that there must be a prosecution.

Mr. Silkin added: "There is a wide public interest factor here. Opposition MPs would be saying quite a different thing if, as a result of action taken hastily by myself or anyone else, the whole of the mail of this country was brought to a standstill."

Mr. Greville Janner (Lab., Leicester W) said the preservation of the rule of law required restraint in prosecutions with regard to industrial disputes.

Mr. Mark Carlisle (C Runcorn) said if no action was taken, "democracy is giving way to mob rule." Mr. Silkin told him: "In some cases one may be doing that. That is precisely why I want to know all the facts. . . There is a real and important dilemma here."

Restraints on crime fighting for study

BY RUPERT CORNWELL

THE PRIME MINISTER has set up a Royal Commission to see whether criminal procedure should be changed to make it easier for police to bring offenders, and in particular dangerous professional criminals, to justice.

The brief of the Commission, whose chairman and members have yet to be announced, is enormous. It will review the workings of the entire criminal process from investigation to trial in an effort to strike the correct balance between the needs of the police and the individual's legitimate rights.

The inquiry will also concentrate on how to ease the strain on the country's resources by finding more economic and efficient ways of allowing police and courts to handle the ever-increasing business which comes before them.

Yesterday's announcement from Downing Street points out that several reforms have been brought in during recent years to strengthen safeguards for those accused of crimes and that pressure for further changes in that direction was continuing.

But, it says, crime is still rising, and it is increasingly argued that the job of the police—especially in tackling dangerous organised crime—is being made unwarrantably difficult by the restraints of procedure.

In the meantime, the Royal Commission will not delay improvements already being made in the present framework.

Among these is the planned study by the Home Secretary and the Attorney General into arrangements for prosecutions. Their review will cover amendment of the 1946 regulations which govern offences that have to be referred to the Director of Public Prosecutions and will also look into how to implement the 1962 recommendation of the Royal Commission on the police that every force should have a prosecuting solicitors' department.

Manifesto MI see chance to conquer inflati

BY RUPERT CORNWELL, LOBBY STAFF

THE TRADE UNIONS have the choice of accepting wage rises of no more than 15 per cent. for the coming year and opening the way to lasting economic recovery—or of dropping all restraint and spelling the end of Labour rule.

This was the message delivered yesterday by the Right-wing Manifesto Group of Labour MPs, in a document which firmly endorses the anti-inflation strategy to which the Prime Minister is clinging despite criticism from many unionists and his party's own Left.

The gist of the Manifesto argument is that the cut in living standards under Phase Two, as prices rose faster than incomes, was inevitable. But the Government now had a real chance of getting on top of inflation and creating sustained confidence in the economy.

The ball, say the MPs, is now firmly in the unions' court. If they decide to break the 15 per cent. ceiling, the outcome will be higher taxes, higher unemployment and an end to any hopes of growth.

The document warns that in economic terms the alternative to a further round of reasonable pay settlements would be "massive unemployment on a scale unequalled in modern times"—assuming the Government, as it had to, kept control of the money supply.

In political terms, Labour's chances of survival and of victory in the next Election would be d and an incoming Tory ment would be hard pı tain the situation. "Th movement can gain noth abandoning the Go now," the Manifesto MI

However, they uı Chancellor to make us available scope for some pump-priming. Possib! cluded increased tax ı the low-paid, measures youth unemployment aı ing on housing—all sı would not run against riding priority of inflation.

The document goes c way to highlight the inherent in the grow that voluntary wage has had no significant holding back prices.

The Manifesto line, reflecting that of the ment, is that the fall standards had to come never been denied. I were the collapse of tl in 1976, due to earlier monetary expansion, year's run on the balances.

Equally false were sons between to-day period immediately bc 1974-75 pay explosion. years ago, it was corre dicted that inflation wa to quicken whereas experts agreed that the would happen.

State industry chiefs see Peart over pay

BY DAVID FREUD, INDUSTRIAL STAFF

LORD PEART, Lord Privy Seal, told members of the new "union" representing State industry Board members that he sympathised with their problems at a meeting at the Lords last night.

He told Mr. Denis Dodds, chairman of the Association of Members of State Industry Boards, and other members of the executive that he would consider carefully their demand for implementing the pay recommendations of the Top Salary Review Board. He said he fully understood the urgenc matter.

Mr. Dodds, who is t man of the Merseyside a Wales Electricity Cour he was satisfied w response at this stage.

The Government through rises recomme the 1974 Top Salary Re judges, senior civil serv armed services' officers the nationalised indust till the Diamond Coı produced its report. time, Phase One of policy was in force.

Silkin expects 'no easy ride' in EEC fish talks

BRITAIN WAS not prepared to surrender the needs and rights of her fishermen, Mr. John Silkin, Agriculture Minister, told the Commons yesterday. Both the industry and fish stocks must be preserved.

Of the Common Market fishery negotiations, he said: "I cannot claim we shall have an easy ride. At the time of the Treaty of Accession, our rights were all too quickly discarded. The result of that folly cannot so quickly be remedied."

Negotiations would be difficult and could be long. "We understand the problems of others, but they must be prepared to understand ours. If they do not, the result will be to harden, not soften our resolve," he told the Commons.

Opening a debate on fisheries policy, Mr. John Peyton, Tory agriculture spokesman, said it would not be sufficient to rely on quotas. Methods of fishing must be restricted and breeding grounds would have to be protected with some of them being closed permanently.

Short sightedness and greed could easily bring about a disaster. Only a few countries — including Britain and Norway — observed the rules laid down by the North East Atlantic Fisheries Commission.

Experience did not give much hope of progress on fisheries policy in negotiations with third countries. The Community should authorise individual countries to negotiate on its behalf.

Mr. Peyton said the most important question was enforcement where the Nimrod aircraft had limitations and we no longer had a fisheries protection flotilla.

"We have only the odd frigate, and from time to time, a few inshore vessels, which are not fitted for operation in distant waters and in waters where big trawlers can quite safely operate."

Because of Government policy on defence, there was a lack of muscle to enforce fisheries policy.

Mr. Silkin said the division of resources proposed by the EEC Commission, based on historic catches within 200-mile limits, was "not good enough."

He warned: "The real difficulty is that, unless we secure the necessary changes now, we may be faced in 1982 with a system which will allow free fishing by all up to beaches in all the waters of member States. That is the danger.

"We consider that U.K. fishermen can only obtain their fair share of the stocks if the CFP is radically redesigned." Britain's fleets should have exclusive or preferential access to substantial areas around its coast.

The Government's aim in its dealings with the Commission, he added, was conservation of Britain's fish stocks and satisfying the requirements of her own fishermen.

"Of course, any surplus after these basic conditions had been met would be available for our EEC partners or, as part of a trade-off with third countries on a reciprocal basis in which we would share."

Mr. Silkin stressed that proper conservation measures for U.K. waters could not be postponed.

Not every EEC country had the same vital interest in conservation as Britain. "Not every member of the community has a fishing industry of such national importance as ours.

"We are determined to preserve both our industry and our stocks, so that a stable and prosperous future may be assured."

Mr. Enoch Powell (UUU Down S) dismissed the Tory motion as "a pantomime" and said Ulster unionists would vote against it.

If the Tories had pressed that the fishing industry required exclusive management and control within 50 miles of the coast, as they were entitled to do, he wondered if any MP could have voted against it.

This was just one example of the preference for the EEC and its "supra-national character" over the national interests and sovereignty that characterised the whole of the Conservative Party, he claimed.

Mr. Powell praised Mr. Silkin's stand. "He should be encouraged to persevere as he is doing and to exploit the invincible bargaining power which this country possesses."

Atlantic air services agreement opens new era, says Dell

THE U.K.-U.S. agreement on transatlantic air services, which will form the basis of the new Bermuda Agreement, was welcomed yesterday by Mr. Edmund Dell, Trade Secretary, as the opening of a new and expanding era.

In a Commons statement, he said the agreement, signed early on Wednesday morning, would provide significant new opportunities for British and U.S. airlines and promised real benefit to the consumer.

"The most important and novel feature of the new agreement is the mechanism to control capacity on North Atlantic routes. This is designed to reduce waste of fuel and other resources that result from flying too many empty seats."

Mr. Dell confirmed the details of the arrangements to divide services between British and American operators but said that final texts had to be completed before a new agreement could be signed formally and come into effect. This would probably be at the end of next month.

Development of charter services, which both sides desired to foster, would offer further benefits to the travelling public. The agreement would give British airlines a fairer opportunity to fight for a bigger share of a growing market.

Mr. John Nott, shadow Trade Secretary, said many of the advantages of the new agreement could have been achieved without brinkmanship.

There was no cartel in the world which, in the end, provided greater benefit to the consumer. He had been right to denounce the old Bermuda Agreement when he did.

For the Liberals, Mr. John Pardoe said consumers ought to look with a jaundiced eye at any agreement which allowed producers to limit competition as this one did.

He challenged Mr. Dell to say whether the agreement would result in lower prices, greater choice or improved services. Why had not British Caledonian been designated as the second carrier to Los Angeles or another American route?

Mr. Dell replied that the saving on energy and the fewer empty seats would eventually lead to lower fares in real terms which was what passengers wanted.

The agreement had also opened up additional gateways into the U.S. It was "beneficial to British Caledonian on terms far better than they could have hoped or expected to achieve."

Asked by Mr. Robert Adley (C. Christchurch and Lymington) about Concorde landing rights at New York and Washington, Mr. Dell said he expected the trial period of flights to Washington to be extended until the U.S. Government could confirm them.

"As for New York, the prospects for Concorde there in the immediate future depend on the results of the court procedures now proceeding in the U.S."

Mr. Donald Stewart (SNP, Western Isles) said there was considerable doubt whether the new agreement was beneficial to U.K. airlines.

Mr. Dell replied: "I must emphasise the extent to which the agreement will be beneficial to British airlines will depend to a significant extent on their competitiveness. What we have agreed is a framework to give them better opportunities."

Ulster hanging call rejected

THE GOVERNMENT has no intention of bringing back the death penalty for murders by terrorists in Northern Ireland, Mr. Roy Mason, Ulster Secretary, said in the Commons yesterday.

The people of Northern Ireland were fully aware that if they wanted to bring back the full depth of sectarian hatred "the first man that hung on a rope, whether Protestant or Catholic, would set off that hatred," he declared.

Mr. William Ross (UUU Londonderry) said that members of the security forces captured by terrorists did not have a prison cell to look forward to, but "cruel torture and eventual death."

Mr. Mason said that the death penalty had been abolished in Northern Ireland since 1973. If it was brought back the first man it was used on would be declared a martyr. If it was an IRA man, they would use him for propaganda and it would help their cause immensely.

Next week's business

COMMONS debates next week are:

MONDAY: Post Office Bill, remaining stages; Local Authorities (Restoration of Works Powers) Bill, remaining stages; Financial Assistance for Industry (Increase of Limit) Order.

TUESDAY: Debate on Energy.

WEDNESDAY: Debate on recruiting methods and techniques of SLADE; opposed private business.

THURSDAY: Northern Ireland (Emergency Provisions) (Amendment) Bill.

FRIDAY: Appropriation (No. 2) (Northern Ireland) order; Criminal Injuries (Compensation) (Northern Ireland) order.

Lords business is:

MONDAY: Debate on report from Committee of Privileges on Oxford Peerage case; Rent Bill, committee; Protection from Eviction Bill, committee; Control of Food Premises Bill, report; Insurance Brokers' (Registration) Bill, committee; Rent Charges Bill, committee; Control of Office Development Bill, second reading; debate on vagrancy and street offences.

TUESDAY: Transport (Financial Provisions) Bill, second reading; Sale of Lordships of Manors Bill, third reading; Construction of Roads (Time Limit) Bill, third reading; Redundancy Rebates Bill, report; Restrictive Trade Practices Bill, second reading; Control of Food Premises Bill, third reading; debate on EEC environment policy.

WEDNESDAY: Debate on penal system.

THURSDAY: Transport (Financial Provisions) Bill, third reading; Redundancy Rebates Bill, third reading; Minibus Bill, committee; Price Commission Bill, second reading; Service Widows (Equality of Pensions) Bill, second reading; Town and Country Planning Amendment Bill, report; Deer Bill, report.

The Management Page

EDITED BY CHRISTOPHER LORENZ

David Buchan visits the strike-free plant which is taking over all Allegro assembly.

Leyland's continental bridgehead

TWICE A day the factory siren signals a 15-minute break in the two eight hour shifts. Apart from that, the car assembly line keeps moving from 6 a.m. to 10 p.m. The second shift which comes on at 2 p.m. takes over without interruption from the first. And there has not been an industrial relations stoppage in 14 years.

This may not sound like a usual description of a British Leyland plant, but it is accurate for Seneffe in southern Belgium. The Seneffe plant, known officially as Leyland Industries Belgium, is an integral part of the group to the extent that it comes not under Leyland International, but under the domestic wing of Leyland Cars run by Mr. Derek Whittaker.

As Leyland has drawn back its horns from Spain and Italy—on the sale in the latter country of its Innocenti operation—Seneffe is now the only place left on the Continent where the company assembles its own cars. But far from feeling that his plant is a "Dunkirk" about to be pushed back into the English Channel, Seneffe's managing director, Mr. Roger Van Driessche, regards his operation as "a bridgehead" for a strong Leyland comeback.

Intimately tied into domestic operations, Seneffe is closely affected by what happens to Leyland at home. Dependent on Leyland U.K. for 75 per cent. of the parts which go into the Mini and Allegro models that it assembles, Seneffe had to shut down for a fortnight in the spring because of the effects of the toolmakers' strike. More recently, allegations in the British press—also given considerable play in the local press—concerning the Belgian importer of Range and Land Rovers, have not helped the "corporate image" on this side of the Channel.

Capacity

But there has been some welcome news too. The National Enterprise Board's recent decision to allow Leyland to go ahead with the new Mini model spells major changes for the Belgium plant. In order to free capacity at Longbridge for the new Mini, Seneffe is to take over all the Allegro line, and over the next three years is to expand its capacity by 50 per cent. to 3,000 cars a week at a cost of £12.8m. (B.Frs.800m.) with the creation of 1,350 new jobs ending up with a total workforce of nearly 4,000.

Mr. Van Driessche, the plant's mild-mannered, trilingual, engineer turned manager, is reckoning to achieve this expansion, which will entail a gradual rundown of the old Mini line and progressive build-up on the Allegro, without losing a single day's production. The last time that Seneffe was expanded, in 1969-70, just after the Leyland-BMC merger, "I was told not to lose a single car in the process. I didn't," he claims. By doing construction work at week-ends and taking full advantage of the traditional four-week shutdown in July, the plant is being expanded little by little.

Not, however, that the 52,000 square metre plant is being used to capacity at the moment. Last year, for instance, Seneffe assembled 67,477 cars, up sharply from 51,228 in 1975 but well down still from the 1973 peak of 81,630 and compared with a present total capacity of some 100,000 cars a year. But last month the half-millionth car to come off the Seneffe assembly line was raffled to a member of the workforce, and with that psychological landmark behind it, the factory is hoping for better times to return.

From October, 1975, to December, 1976, Seneffe made a profit of about £2m. (B.Frs.121m); this financial year was extended to fit in with the whole group's move towards a calendar financial year. This compared with a small loss in 1974-75 when the Belgian operation included an unprofitable Triumph assembly operation to the north of Brussels, which has now been scrapped and sold. Seneffe will not give its turnover figure, but it seems a good guess that £2m. represents quite a tidy return on turnover and capital invested.

That amount of profit is not repatriated to the U.K., but is ploughed back into the Belgian operation, partly to finance the new expansion programme. Mr. Van Driessche, who acknowledges that he has "considerably more autonomy than an ordinary U.K. plant manager", arranged the bulk of the expansion locally himself. He negotiated directly for a big loan with the Belgian state run industrial investment organisation, the Société Nationale de Crédit à l'Industrie and, taking advantage of the Belgian government incentives for job creating investments, he only has to pay a subsidised, low interest rate on the loan. "It would have been foolish," Mr. Van Driessche says, "to have raised the money in the U.K. where interest rates are still higher than in Belgium." The corollary to this local financing is that Seneffe is allowed to keep its profits locally.

Mr. Van Driessche and Leyland's U.K. management are now confident that the British workforce no longer fears that Seneffe is taking the bread out of their mouths, and is in fact generating more work for them. The parts that are bought locally include glass (on which Mr. Driessche comments "Belgium is famous"), tyres, batteries, electric wiring, heaters (only for the Mini), and lights. But 75 per cent. of the parts and all the high value parts like the frames and engines come from Leyland U.K., and their packing into KD (knocked down) kits for transporting provides a considerable volume of work at Leyland Cowley. Certainly there was no protest raised by the U.K. workforce when the Seneffe expansion was announced.

Seneffe's managing director, Mr. Roger Van Driessche

Seneffe is well placed geographically, in the centre of a motorway network that splits off into France, Germany and Holland, although as Mr. Van Driessche says a Channel Tunnel would much simplify his transport links with the U.K.

Most of the Leyland parts come over in trucks on the Harwich to Zeebrugge sea route. But the plant also makes use of the one track rail line that runs right into the factory both for incoming parts and for outgoing models. Rail is principally of use in transporting to those countries where winter road conditions are often bad—Switzerland, Austria and northern Italy. Seneffe also assembles cars for Norway, Sweden, Finland, Holland, Belgium, Luxembourg, Germany, France, Greece, and Italy (though not Minis for the moment, under an agreement made with the new management of the Innocenti factory). Repeated handling of car parts can make nonsense of a separate assembly operation, and Seneffe executives say they have tried to avoid double handling by buying direct from Leyland factory sites, and in the case of sub-frames from GKN-Sankey, by buying direct from independent British suppliers.

Of the numerous differences between Seneffe and its U.K. sister plants, two in particular seem to set the Belgian operation apart—design specialisation and industrial relations. Part of Mr. Van Driessche's managerial autonomy is reflected in the fact that about 50 per cent. of the Minis and Allegros produced at Seneffe are "specials"—with vinyl roofs, fancy dashboards, plusher upholstery, racier hubcaps and so on. Putting these features on such a large proportion of standard Minis and Allegros was a Seneffe initiative, carefully researched by Van Driessche who says that "we inevitably have a better feeling here of the up-market car that the continental driver wants." He also concedes that the Mini "special" is a vital marketing tool to keep alive interest in an ageing product. The Mini is now 18 years old, and while Mr. Van Driessche lauds the essential characteristics of the old design, he feels it needs these modifications to keep its hold in continental markets.

"It's obvious that in Belgium Leyland cars have no claim on the patriotism of customers," Mr. Van Driessche says, and he makes the point that competition is fierce for motorists' loyalties. Though Belgium has no domestic make of car, most of the big companies—GM, Ford, Renault, VW—assemble there.

Though the nature of the new Mini is still a closely guarded secret, the Seneffe people feel that their experience with the old model will help with many of its features. The other lesson for the future Mr. Van Driessche feels Seneffe has provided is that Leyland now accepts that it should not attempt to sell the lowest range of a model in Europe. So that, for instance, of the various derivatives of the new Mini that will be produced, only the up-market models will come to Europe.

Industrial peace at Seneffe, Mr. Van Driessche feels, is largely because the operation is relatively small and this enables him to keep a personal hand on its day-to-day running. Also in Belgium there is a long history of employee participation. "If Seneffe were closed down," he asks rhetorically, "where would its operations go in the U.K.? Added on to Longbridge or Cowley?" Van Driessche himself chairs the monthly Works Council, an institution that has existed in Belgian factories since 1948. Participation ranges from the recent vote on the factory floor as to what colour the workers wanted the interior repainted—they chose green—to the annual Work Council meeting when it has a chance to take the balance sheet to pieces. One of the quirks of Belgian industrial law lays down that this annual meeting must last for eight hours.

Instead of having 17 or 18 unions to deal with as in the U.K. the Seneffe management only has two unions. These are the engineering sections of the socialist FGTB trade union federation and the Christian CSC federation, there is the same simple division into two for both blue and white collar workers. To keep life even simpler, the two unions bargain together.

Among the special factors that he cites is the fact that Seneffe has less volume and therefore less specialisation than in a U.K. assembly plant. For reasons of space it mixes both Mini and Allegro on the same line, which does not happen at Leyland U.K. Labour is switched back and forth from the assembly line to the PDI centre, and therefore has to be trained in all-round skills. Most of the workers come to Seneffe without previous assembly experience because, unlike in the West Midlands, there are no other similar plants in the area. In addition, there are specifications which need to be met like dual-braking systems, which will only be required in the U.K. this autumn. Continental roads are sprayed with more salt, for instance, and therefore Seneffe gives its cars a special anti-corrosive spray.

What helps give Seneffe cars their high reputation for reliability and finish is the large PDI centre on the same 100 acre site. Here a whole range of models from Britain, plus cars from Seneffe, are dewaxed, checked, tested, polished before delivery to Benelux and French dealers. The centre, which can inspect 500 cars a day, does the sort of preparation that only the best dealers could, down to putting the right information leaflets in the right car in the right language. The Seneffe car park can take up to 16,400 cars, making it also a big distribution centre as well.

Stocks can be a problem. But with a longer "pipeline," Seneffe is better placed than similar plants or distribution centres in the U.K. Even after the toolmakers' strike, Seneffe stock levels are not being increased because of the extra money that would be tied up. Spares for the Benelux area come either from Gouda in Holland or from Malines just north of Brussels.

Commission

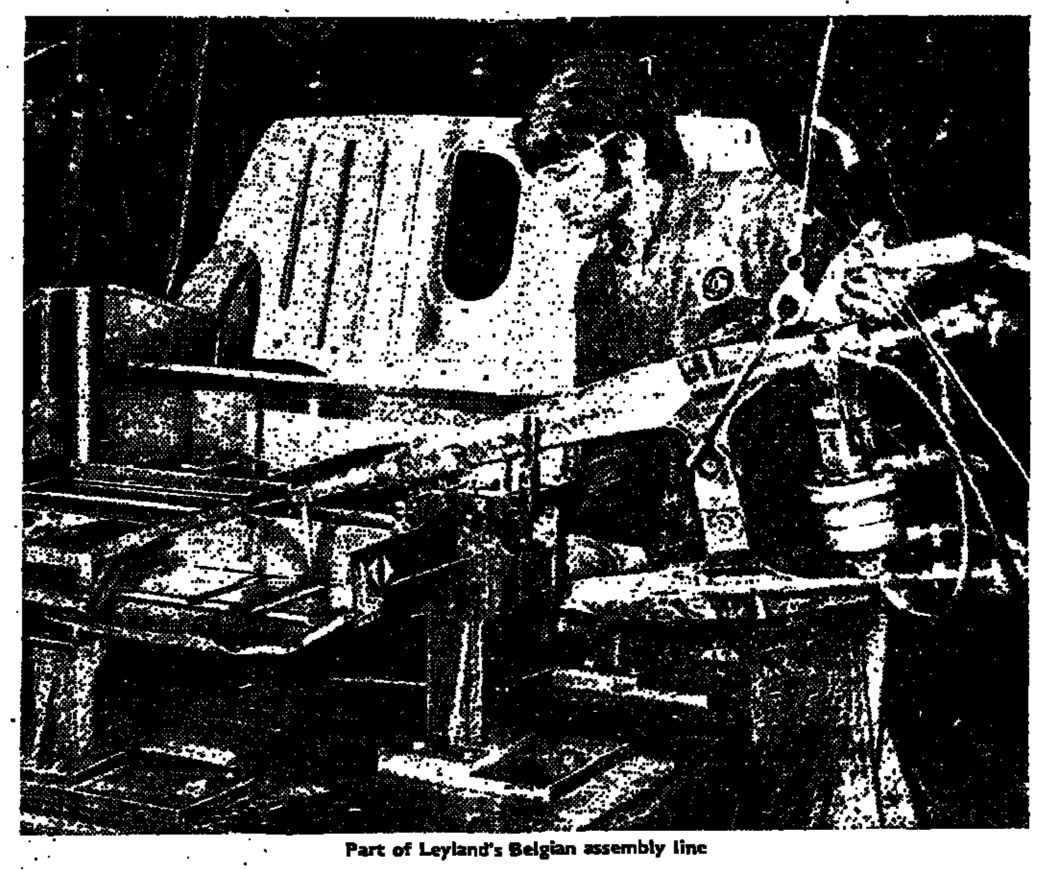
Leyland's two other operations—a truck assembly plant and the sales operation for Belgium—are centred in Malines. The truck plant also assembles some special commission buses, and is in the middle of an order for 700 Alvis Scorpion armoured track vehicles for the Belgian army. The plant's director, Mr. John Philips, can and does claim some success considering that Leyland only entered the commercial vehicle assembly business in Europe in 1973 against stiff competition in Belgium and stiffer in Holland. "It is our modest ambition to reach 5 per cent. of the market here," he says; last year it was 4 per cent. in Belgium and just over 3 per cent. in Holland. Leyland is also hoping to reach 5 per cent. in the Belgian car market. While that too may seem modest, the car sales executives take encouragement from the fact that Leyland in Belgium has increased its sales by 25 per cent. in 1975 and 22 per cent. in 1976, when the general market rise in those two years was only 8 and 15 per cent.

Though on occasion the government conciliation and arbitration service has been called in, there have been no stoppages at the plant—except for the rare political strike that the national union leaders have called, as they did in March last year in protest at government policy. Demarcation disputes hardly seem to exist, to judge by the flexibility with which the Seneffe management can take people off the assembly line and put them on the adjoining pre-inspection delivery (PDI) centre.

Only 45 per cent. of the present 3,000 odd workforce is strictly speaking Belgian. Most of the rest are second generation Italians whose fathers came to work just after the war in the Walloon coal mines, now virtually mined out. But Mr. Van Driessche says he regards them as totally Belgian; the only reason why they don't take Belgian nationality is to avoid Belgian military service. The labour turnover rate is pretty low, at 14 per cent. over the year, helped undoubtedly by the fact that the southern Belgian steel industry, the area's main employer, is in severe depression.

At Seneffe the basic rate is £90 a week (compared with the basic British rate of £65). This Seneffe rate does not include the "13th month," a particularly Belgian feature which amounts to an extra month's pay as a standard fringe benefit.

Mr. Van Driessche is cagey about providing productivity figures. He says there are a number of special factors in "the whole equation that even with high wage costs and the fact that after July 1 this year the last tariff barriers between the U.K. and the continent disappear, make it worth British Leyland's while to continue and expand Seneffe."



Part of Leyland's Belgian assembly line

Business courses

Doing Business with Eastern Europe, Hotel Intercontinental, *London, July 21-22. Fee: $525.* Details from AMR International, 6-10, Frederick Close, Stanhope Place, London W2 2HD.

Developing Overseas Trade, The Administrative Staff College Henley July 20-23. Fee: £200 plus VAT. Details from the Director of International Programmes, The Administrative Staff College, Greenlands, Henley-on-Thames, Oxon RG9 3AU.

Improving Industrial Learning, Imperial College, London, July 13-14. Fee: £47 plus VAT. Details from the Conference Secretary, British Association for Commercial and Industrial Education, 16, Park Crescent, London W1N 4AP.

Accounting and Financial Management for Non-financial Executives, The City University, London. July 11-22. Details from The Financial Times, Conference Organisation, Summer School '77, 388, Strand, London WC2R 0LT.

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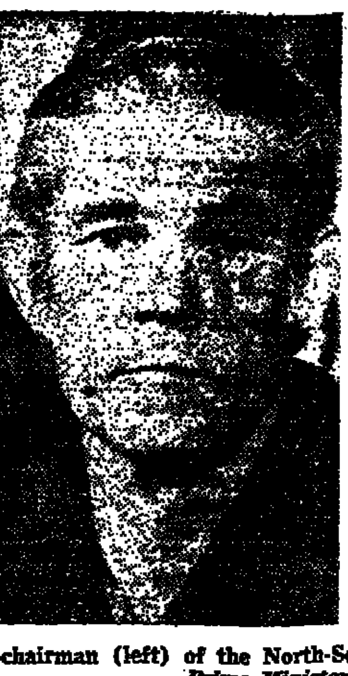


Dr. Manuel Perez Guerrero, co-chairman (left) of the North-South conference, puts the ball firmly back in Dr. Kurt Waldheim's (far right) UN court. Mr. Michael Manley, Jamaica Prime Minister, accuses the industrialised nations of laying down uncompromising limits.

Strength of U.S. recovery

DESPITE A record deficit in its visible trade balance, the U.S. domestic economy continues to perform in a way which endorses the Administration's strategy, and its claims that it is the U.S. which is leading the world recovery. Consumer spending remains extremely buoyant and output has been rising still more strongly, as business strives to rebuild depleted stocks. There is now promise of a recovery in manufacturing investment, since recent appropriations have been running nearly a quarter above the depressed volume recorded a year ago; these figures can be expected to appear in actual outlays in the coming months. Continued growth at recent rates seems likely.

Healthy

The strength of the recovery confirms President Carter's judgment in cancelling the tax rebate originally planned for the present fiscal year; and it is also a healthy sign that the Federal fiscal deficit is currently running well below forecast levels, partly because of a temporary bulge in revenue from increased estate and gift taxes, and partly because of a fall in outlays. Reduced Treasury borrowing helps to explain the lack of strain so far in financial markets.

There are, of course, some quite discernible clouds in this sunny sky, which help to explain, among other things, why Wall Street has not yet celebrated the recovery. The rise in real incomes is the result of a considerable acceleration in wage increases—especially in some of the union settlements, which are indexed. The immediate result has been to halt the recovery in profits. Low profits and low private savings make any further acceleration of growth rather unlikely.

For the longer term the rise in wage rates has rekindled fears of cost inflation. The average hourly increases at present recorded, which seem to have settled round 7 per cent., are not forbidding in themselves; there remains a fear that future settlements will be nearer the 9 to 10 per cent. implied by such agreements as those achieved by the car workers. Even at the worst, though, inflation should remain well within single figures.

The second fear concerns interest rates. The Fed has already reacted to the rapid expansion of the narrowly defined money supply by pushing up Federal Funds rates—roughly the equivalent of our own inter-bank rate—by about ¾ of a point; and though this has been absorbed, with prime rates easing again, rates look highly vulnerable to any increase in commercial demand, especially if this works through to the money-centre banks.

Up to now loan demand in New York—though not in other centres—has been held back because companies were concerned to strengthen their balance sheets, and borrowers could meet their needs in the inter-company market. The recent rise in commercial paper rates, as well as the rise in investment appropriations, suggest that this phase of consolidation may be coming to an end; and a rather feverish outburst of land speculation in California may also provoke caution in the Fed.

On the whole, fears that rates could rise sharply enough to check what has become a broadly-based recovery in activity are surely exaggerated; and even trading partners who look to the U.S. market to take up some of the slack in their own economies would not wish to see the Fed run undue inflationary risks. There is little solid basis to cavil at official domestic policy.

Complacency

The Administration's complacency over the balance of payments, on the other hand, is a little disturbing. It is now in danger of exceeding the willingness of OPEC oil producers to invest their surpluses in dollar securities; and any sharp weakening of the dollar in the foreign exchanges would have worldwide repercussions. The most effective answer to this threat is certainly not the protectionism which is disturbingly beginning to appear, but an energy policy which would effectively attack the oil deficit directly. It is here that the U.S. could still do more to help itself and its friends.

Limitations of the strategy

THE PRIME Minister is a great believer in the industrial strategy. It is on his initiative that two conferences have been called — the first was held this week — to bring together some of the 1,000-odd managers trade union officials and civil servants who are involved in the exercise. No less than 40 sectoral working parties are beavering away, charged with identifying the obstacles which stand in the way of greater international competitiveness and proposing action to remove them. Mr. Callaghan seems determined to keep up the momentum of the exercise.

Enthusiasm

The objective is very broad, to improve the performance of manufacturing industry, and the working parties have been deliberately steered away from formulating precise statistical targets. There is said to be a fair degree of enthusiasm among the participants, but there is clearly a danger that the working parties will degenerate into talking shops, as so many of their predecessors have done.

According to the National Economic Development Office, which is co-ordinating the sector working parties, the main difference is the degree of commitment from the Government, including both Ministers and civil servants. The argument is that the Government, having accepted as a fundamental principle the need to foster manufacturing industry, is now more ready to listen to, and act upon, the complaints and suggestions which emerge from the working parties.

If this is the main objective, it seems an expensive and elaborate means of achieving a better dialogue between industry and Government. To some extent the working parties are doing a job which a well-run trade association ought to be able to do on its own, through its regular contacts with the sponsoring department in Whitehall. Because many of the trade associations are weak in structure and organisation, and because sponsoring departments have sometimes failed to develop a rapport with their industries, the sector working parties may be said to satisfy a need.

Clearly, however, the Government is expecting more than self-education from the industrial strategy. The idea is to influence the performance of companies. It is the gap between the committee rooms of Millbank Tower and the Boardrooms of industry which has proved so difficult to bridge in the past. It may be that the key problem in a certain sector is labour productivity, but the trade union members of the working parties are generally reluctant to tackle this issue, at least in that particular forum; the action has to take place at the company level.

Modest

To the extent that the working parties are able to deal with specific problems of importance to all the companies in the sector and perhaps requiring some intervention from the Government, they may be able to do something useful. But their contribution to the regeneration of British industry will be a modest one. By exaggerating their importance the Government runs the risk of a big let-down—and even greater cynicism — when some of the working parties, as is inevitable, turn out to be ineffective. Mr. Callaghan's preoccupation with industrial strategy is understandable in view of the apparent demise of planning agreements and the inability of the NEB, through lack of funds, to satisfy Labour Party aspirations. But the exercise is more likely to be useful if its limitations are frankly recognised.

The quest for a new order

BY REGINALD DALE

THE DISMAL end to the North-South conference in Paris has left the world still searching for a successful formula for bringing rich and poor nations to the negotiating table in the quest for a new international economic order. The Paris conference was the third major international negotiating session in barely over a year to achieve much less than the developing countries had originally hoped—the others being last May's UNCTAD meeting in Nairobi, and the abortive Common Fund negotiating conference in Geneva in March.

And yet, as this month's Commonwealth Conference in London once again showed, with every day that passes the gap between the wealth of the industrialised and the developing countries is widening. The longer serious efforts to bridge the gap are postponed, the harder moderate Governments will find it to resist the arguments of the more militant that the way to wring concessions from the West is not by negotiation but by confrontation—however few real weapons the developing countries may have in their armory.

The coming months should thus be crucial in establishing how far a meaningful dialogue between North and South is really possible. The 27-nation Paris Conference on International Economic Co-operation to give it its proper title, was never intended to be more than a one-off operation. The vast majority of the world's countries, which were not invited to the Avenue Kléber, would never have allowed it to turn into a permanent negotiating forum from which they were excluded. But the West had at least hoped that Paris would show that progress could be made in a smaller, more intimate circle than the full public arena of the UN, where political posturing prevails over serious negotiation.

This was hardly conclusively demonstrated by the Paris talks. The official western line, repeated at yesterday's OECD Ministerial meeting in Paris, is that the conference helped by concentrating minds on nuts and bolts issues rather than empty rhetoric. But senior western representatives now privately admit that they would never have agreed to start the conference in the first place if they had appreciated the enormous risks of failure. As it was, a major rift was only narrowly averted in the closing stages.

There were some positive achievements. The eight industrialised participants pledged themselves to increase their aid efforts, a joint text was agreed on a new Common Fund to stabilise commodity prices—a key demand of the developing countries—and the Western nations agreed to subscribe to a $1bn. special action programme to help the poorest (subsequently described as a "miserable" effort by the 19 developing countries).

But no progress was made with the pressing problem of debt relief, the second main demand of the developing countries, and the West failed to secure an agreement to continuing consultations on energy. As the talks ground to an ill-humoured end, texts that had earlier been virtually adopted on important items for the western nations, such as the protection of their investments, suddenly began to fall apart—to the extreme annoyance of the U.S.

Accusations of blackmail

It is unlikely that a similar negotiating formula will be tried again in a hurry. There have been suggestions in some quarters that the Heads of Government of the 27 countries should reconvene at summit level for one final attempt to salvage something more from the mountains of half agreed documents thrown up during 18 months of negotiations by officials. But that would almost certainly be unacceptable to the majority of the participants. Last week Dr. Manuel Perez Guerrero, the Venezuelan Co-Chairman of the Conference and chief spokesman for the developing countries, said the ball was now firmly back in the United Nations court.

Some reactions have been much more violent. Iraq has publicly accused the West of "blackmail" at the Paris talks, and called on developing countries to unite against Western stubbornness and "monopolist exploitation" of their resources. Most others would not go so far. But the West did manage to create a fairly widespread impression in Paris that it was only prepared to concede the minimum necessary in order to secure in return a say in future oil pricing—rather than to concentrate seriously on moving to the new international economic order that the developing countries are demanding.

In the aftermath of Paris, both sides are accusing the other of being unwilling to negotiate. Developing country leaders like Mr. Michael Manley, the Jamaican Prime Minister, say that each international conference is limited to unilateral statements by industrialised countries laying down the limits of how far they are prepared to go, with no real give-and-take. Western officials accuse the developing countries of never budging from their original position for fear of upsetting their precarious unity, which is based on the principle that everyone gives the maximum support to each other's varying demands, whatever they may be.

It is because both charges are largely true that real dialogue is so elusive. The West came to Paris with a final offer that had only been put together, with some difficulty, at the very last minute, and could not be significantly improved. The 19 developing countries were always looking over their shoulders at the main body of the Third World nations—acutely conscious that they would be accused of selling out to the West if they deviated too far from the developing countries' "Bible," the Manila Declaration. The 19, at least on the surface, maintained their unity, but there was no hiding the fact that it was much more important for some of them that the conference should succeed than it was for others. While countries like India are still desperately pressing for generalised debt relief, the idea is privately anathema to many Latin American nations which fear the impact on their creditworthiness. The Latin Americans and the oil producers could see little that met their own special needs emerging from the conference, and accordingly had less incentive to make it a success.

Bitterly critical

The still unanswered question is whether any new formula can be devised that is less prone to such inherent weaknesses. The "dialogue," such as it is, will of course continue in the plethora of international organisations dealing with economic matters, but neither side finds that totally satisfactory. The West does not like negotiating in bodies like the United Nations or UNCTAD, where the developing countries are in the vast majority. The developing countries are bitterly critical of organisations like the GATT, the International Monetary Fund, and the World Bank which, they say, are dominated by the rich Western nations and can never be expected to take the poorer countries' interests into account so long as they continue to be organised on their current lines.

The problem was sharply underlined in the closing hours of the Paris conference, when the two sides failed to agree on how to proceed with studies of plans for a new world-wide system to stabilise the export earnings of developing country commodity producers. Both were agreed on the principle that the study should be made, but while the industrialised countries, and particularly the U.S., wanted it to be conducted by the joint IMF/World Bank Development Committee, the developing countries insisted that UNCTAD be closely involved. There was no way to a compromise.

It is for these reasons that attention is now increasingly being focused on what is known as "re-structuring" the United Nations to turn it into an effective negotiating body on economic issues. The idea was endorsed by both industrialised and developing countries in the final communiqué issued at the end of the London Commonwealth Conference. But few people yet have any clear idea of what this might mean in practice. Mr. Manley has suggested that there might be a limited group of representative nations that would conduct detailed negotiations in New York while constantly reporting back to the full UN body. It is hard, however, to see how this would avoid some of the pitfalls of Paris. Certainly, the selection of the representative nations — particularly if the appointments were to be permanent — would be a major political and diplomatic problem.

Studies of "re-structuring" are to be resumed later this year by a special expert committee, which first reported to Dr. Kurt Waldheim, the Secretary General, two years ago. In its initial report, the committee under the chairmanship of Mr. Al Noor Kassum of Tanzania, recommended the creation of a post of Director General for Development and International Economic Co-operation, second in rank only to the Secretary General, and the establishment of a single new UN Development Authority, to be headed by an administrator who would be one of two deputies to the Director General.

Considered reaction

The developing countries are almost certain to press for renewed urgency to be given to such moves at the next meeting of the General Assembly in September. Starting on September 13, there is to be a special four-day final session of last year's Assembly, which recessed in December, to review the results of the Paris conference. The debate will then be continued in the new ... that starts on September ... is at this point that the d... ing countries will give ... considered reaction to ...

But there will be pl... other opportunities for ... veloping countries to r... Paris in the coming r... starting with the summit ... Organisation of African ... in Gabon at the beginr... next month. July will a... the summer session of t... Economic and Social Cou... Geneva, where there is t... special Ministerial sess... UNCTAD's Trade and D... ment Board in Septembe... developing countries' de... for the reform of the ... national monetary syste... increased finance for d... ment will be pursued ... annual meeting of the I... World Bank in Washing... September. Meanwhile ... will be looking for som... impetus in the multi... trade negotiations, as t... dustrialised countries ha... mised, when the talks get ... way seriously again in ... in the autumn.

In spite of frequent stat... to the contrary, the o... of the Paris conference ... likely to have a major ... on the decisions on the ... of oil to be taken by ... Ministers in Stockholm ... month, where the broa... lines of a compromise b... Saudi Arabia, the Unite... Emirates, and the rest ... already been widely re... The hard facts of ... economics have had a ... more determining influen... most crucial test for ... South relations will b... resumed November nego... conference in Geneva ... Common Fund to stabilis... modity prices, which ... developing countries co... to regard as the key sys... the West's willingness to ... the world economic syst... their favour. If, after a... encouraging statements ... West has recently made ... Common Fund, that conf... again fails, the chances ... form of meaningful "dial... continuing will reach an a... low.

MEN AND MATTERS

هكذا من الأجل

Getting the police a refund

Since their celebrated revolt against the Government during the committee stages of the Finance Bill last week, Left-wing Labour MPs Jeffrey Rooker and Audrey Wise have both been involved, somewhat ironically, in police affairs. Mrs. Wise has been among those arrested during the picketing outside the Grunwick plant in North London—while Rooker has been working away in the Commons rather more on the side of the police themselves.

His name is definitely a sweet one to the Police Federation as he has taken up the case of the federation's provident fund. Payments out of this fund to the dependants of officers have been subject to corporation tax. In the latest Finance Bill, it was proposed as from this year to abolish the levy, which costs the fund some £6,000 annually. This would bring the federation's provident fund into line with the trade unions; the federation is not a union though there has of course been much debate inside and outside the police lately on whether this status should be changed.

In any event, Rooker thought the concession inadequate. He pointed out that when the Labour Government came to power it was responsible for stopping the payment of corporation tax by union provident funds—and refunding the tax which had been paid during the four years of the Tories' ill-starred Industrial Relations Act by unions refusing to register under the Act. The total refunded was £10m., but the police federation did not benefit.

Rooker and the federation thought the police should not only be exempt from this year but also get a refund back to 1971. This was one alteration to the 1977 Finance Bill which Rooker and the Government did not argue about. A Rooker amendment was duly passed and the federation should collect some £33,000. As a spokesman said yesterday, it could be regarded "as a minor step" on any road to trade unionism for those who hold the thin blue line.

Sounds unhealthy

There is something over-obvious as well as a trifle brutal about the description of the 14th Government economic service occasional paper now available. *Saving Hospital Expenditure by Reducing In-Patient Stay* is billed as setting "out to measure the potential savings to the hospital sector from earlier discharge of acute in-patients."

Coincidentally, perhaps, that tract emanates from the same area of the civil service which put on the top of a plastic bottle of pills I collected yesterday the stern message: "LINE UP ARROWS, PUSH OFF."

Follow us

Since James Sherwood produced his first "Discriminating Guide to London" two years ago standards of cooking have improved, standards of service have deteriorated and there are more instances of wines listed at vastly inflated prices.

Now, Sherwood, who has built up his own world wide container business Sea Containers Inc. into a $250m. business over the last decade and recently bought the elite Venice Hotel Cipriani's, has brought out a fully revised second edition which chronicles in fine detail the rise and fall of fine dining, shopping and browsing in the capital.

It all began when Sherwood moved to London, where he divides his business time with New York and Hong Kong, and found that the capital lacked the kind of carefully researched and reliable guide which had helped *make his former residence in* Paris so enjoyable.

The first edition sold 15,000 copies and Sherwood and his editor Susan Blackburn, hoped that a light re-write job would see them through the present revised edition of 30,000 copies. Alas, complaints of indigestion and worse from readers following the first edition's advice proved to be the tell-tale signs of the rapid rise and fall of restaurant standards, and necessitated a complete re-write.

So back to the fleshpots and groaning tables went Sherwood's intrepid band of 25 inspectors—with the end result that some restaurants, like that of the Berkeley Hotel, were ousted from two star to the "not for us" category, alongside Rules, Simpsons, Blooms and Boulestin, while Le Toque Blanche is a prime example of a climber in the other direction.

No less than four inspectors were sent round to verify the fall from grace of one famous hotel restaurant after the first inspector insisted that he "would not give it a star even if a virgin birth was taking place upstairs."

But London is more than mere restaurants. The guide also covers specialist shops to nose out, say, the best English cheddar (at Paxton and Whitfield) or dark rye bread (at Clarks of Soho) and also "does" the museums with informed chat from the various curators.

Sherwood himself admitted an endurance maximum of around 1½ hours in a museum or art gallery "before the marble started to attack the feet" and the museum guide aims to lead one around selected pieces or sections well within this limit. By which time, presumably, it is time for some more discriminating eating and drinking.

"Nastase leads by five insults to love . . ."

Loan note

An advertisement in the *Wall Street Journal* announced that Britoil Inc., in order to finance advance purchases of oil from the British National Oil Corporation, had raised money from a squad of respected banking names, including Barclays International, Chase Manhattan, Citibank and National Westminster. Sounds a lot of trouble to go to when the amount obtained was given as "U.S.$825."

Observer

POLITICS TO-DAY

BY DAVID WATT

Liberals in confabulation

THIS WEEK-END a posse of Liberal Party notables—mainly Liberal MPs and peers—are meeting to review their arrangement with the Government and the prospects for its renewal. The fact that this confabulation will be eagerly watched by the entire political world in itself does some way to justify the Lib-Lab pact. The Party has not had so much fun since 1935. Moreover the outcome is by no means certain. There is a sizeable, and probably growing, body of Liberal opinion at Westminster which now argues that the pact should be ended as soon as possible: and it therefore becomes obligatory to try the rather unaccustomed task of looking at the present political situation through Liberal eyes.

What, then, do the Liberals really want? In general terms, the question is not too difficult to answer. Like every political party they want power and the fact that they are rather further away from it than most should not lull us into supposing that nothing but the pure milk of altruism flows in their veins. And how is power to be captured? Ultimately through the ballot box. The British electors will eventually become so disgusted with the policies of the two major parties and the destructive alternation between them that they will vote Liberal. But unfortunately a preliminary stage may be necessary first. Bitter experience over the past 30 years has shown that the existing electoral system makes this breakthrough virtually impossible. It follows that if the Liberals wish to make headway they must discover other methods of persuading or forcing the major parties into electoral reform.

It is necessary to stress these elementary calculations at the outset because there is a tendency (not least among Liberals) to talk as if the Lib-Lab pact was a patriotic party's Jubilee gift to the nation. The country, one is told, is better off without a divisive election to say nothing of a divisive Conservative Prime Minister, and the Liberal Party is doing no more or less than its solemn duty—perhaps (who knows?) at great electoral cost to itself—by staving off these disasters. It may be so, and, as is the case with most political propaganda, there are many people who sincerely and honourably believe it. I would merely insist that it is not the whole story or even, as far as most Liberal politicians are concerned, more than a minor part of it. The essential argument about the pact runs along much harder-headed lines.

The case, in Liberal terms, for keeping the Government in power can be stated as follows. The *Prima facie* argument for postponing an election is very strong since on present opinion poll ratings, the Liberals would do very badly at it. This presumption in favour of carrying on could, indeed, only be overturned if it were shown that by shoring up Labour the Liberals would eventually do even worse. But in fact (say the defenders of the pact) there is every reason to suppose that by waiting the Liberals will do better.

Calmer waters

Either Mr. Callaghan will keep his left wing in order and win through to calmer economic waters—in which case the Liberals can claim to have kept him moderate and made us all prosperous—or else he will be brought down by a combination of left-wing extremism and economic disaster—in which case the Labour Party will fall to pieces and the Liberals will pick up the social democratic fragments at the polls. Moreover, it is said, if the Liberals play their cards right in the meantime, they can blackmail the Government into doing at least two things which will ultimately be of direct electoral advantage to the Liberals—namely taking some of the nationalist heat off Liberal candidates in Scotland and Wales by means of another devolution Bill, and admitting the principle of proportional representation on a national basis in a Bill for direct elections to the European Parliament.

This is an attractive prospectus, but it has one major flaw on to which Liberal opponents of the pact have immediately fastened. Let us, they say, suppose that with our assistance the Government struggles on till it reaches the comparative haven of 1979, who is it that is going to thank us? Under these conditions the social democrats will see no particular reason to vote Liberal, and we shall certainly not pick up any frustrated Tory voters. In other words, all we shall have got from the deal is a devolution bill which may help save Mr. David Steel's seat in Roxburghsrire, but will really not have more than a marginal effect overall, and a direct elections bill which will give Labour and Tory reactionaries the chance to foist a "first-past-the-post" system on us for years to come. The only way that a realignment of British politics is going to take place is if the Labour Government falls. It therefore cannot be right for Liberals, whose only hope lies in such a realignment, to keep the Government going.

It is not easy to sort out the rights and wrongs of this debate. For one thing it is distorted by personal factors. Mr. Steel has obviously been enjoying his unwonted entrée to the Prime Minister; and as for Mr. John Pardoe, the Liberal economics spokesman, his situation was well described the other day by Mr. Joel Barnett, the Chief Secretary of the Treasury, who was asked if Mr. Pardoe was permanently in his confidence and replied "I don't know about that, but he seems to be permanently in my office." On the other hand, Mr. Jeremy Thorpe must be aware that, providing he can retain his own seat in North Devon, his best chance of regaining the leadership is if the pact ends in disaster.

High tide

But leaving aside human frailties, what are we to make of the pure electoral calculation? The argument turns in the first place on the old question of where the Liberal vote is going to come from. The high tide of the Liberal revival was the February, 1974, election when they polled 19.3 per cent. of the votes cast as against 7.5 per cent. in 1970. Subsequent research on the February, 1974, election results suggested that the Liberals took the votes equally from both parties; and, in October, 1974, when the Liberal vote fell by 5.4 per cent., those votes benefited the two major parties equally. Within this overall picture, it looks as if the Liberals lost votes in October, 1974, to the Conservatives in the urban areas and particularly in marginal seats in the south but this was to some extent offset by Labour defections to the Liberals in rural constituencies. The Liberal Party's voting allegiance appeared to be very well spread across ages and classes though with special strength among the young and among skilled workers.

This constitutes a pretty murky picture on which to base the strategy of a party whose support has halved (according to the opinion polls) since 1974 and now stands at about 9 per cent. Should the Liberals be going for Conservative voters who voted Liberal before and may be persuaded that Mrs. Thatcher is going to be a female version of Mr. Heath? Or should they try to lure in right-wing Labour Party voters who are frightened of communism and trade union power? Again, should they fall in with fashion and adopt the free market stance of their own Cobdenite forebears, or should they maintain their appeal to the young with a broadly soft-hearted, liberal (with a small l) approach to social welfare and reform?

When we were six: With the figures of great Liberal statesmen of the past looming over them, the six Liberal MPs of September, 1972, pose for camera. They are (back row) Mr. Emlyn Hooson (left), Mr. Russell Johnson and Mr. John Pardoe, (front row) Mr. Jo Grimond (left), Mr. Jeremy Thorpe and Mr. David Steel.

On the whole, commonsense would suggest that the chances of the Liberals picking up many Conservative-inclining voters at the next general election are slim—and there are in any case very few seats in which the Liberals came second to Labour at the last election and could be set on a victorious path with Conservative-minded assistance. However, insofar as Conservative votes are worth picking up they are probably more likely to come the Liberals' way in a later election than in an earlier one. The Liberals are already reduced to more or less their own hard core, and time and a more agreeable economic climate might conceivably cause those who are already a bit suspicious of Thatcherite desperate measures to hedge their bets.

The potentialities for the Liberals of the "moderate" Labour vote are more difficult to assess. There is obviously a good deal in the argument that insofar as the Government pulls itself out of the mire, to that extent the attractions of Liberalism for moderates will recede and that therefore there is a lot to be said for bringing on an election at once. But this leaves out of account the danger that if the Liberals were seen to have wantonly pulled down a moderate Prime Minister, doing his best, and let in the Tories, there would be quite large numbers of Labour supporters who would regard this as a dastardly deed. It is all very well for a traditional Labour voter to join forces with the Liberals if the Labour Government has been brought down by the folly and intransigence of the Left, it is quite another if it is the Liberals who seem to have wielded the dagger.

A great deal therefore depends on the exact circumstances in which Mr. Callaghan meets his doom. A Liberal leadership which decided on general grounds that it was time to pull the plug would have to be very sure that it could lay the responsibility on forces within the Labour Party itself; —and this, of course, is where the terms of the pact come in. The Liberal leaders are in a position—up to a point—to set their terms in such a way that the Left could not possibly accept the deal.

If, for instance, Mr. Steel had insisted last week that direct elections by proportional representation must be supported by the entire Cabinet—or else . . . he would have made certain of a left-wing revolt which he might have been able to portray in the country as another example of the impossibility of doing business with a Prime Minister dominated by extremists. But the recital of that example shows that this is a tricky business. The country, being on the whole opposed to direct elections, might well come to the conclusion that it was the Liberals who were being unreasonable.

And conditions involving devolution (another unpopular issue, in England) are equally dangerous stuff.

Where the Liberals do now have some freedom of manoeuvre is over the economic situation. The activities of the Left in the Finance Bill Committee have already made it possible for Mr. Pardoe to talk in a lordly way about the need to reduce direct taxation and the frustration of this aim by "extremists." If the Phase Three negotiations are a complete fiasco, this opportunity will be enhanced. In the end, however, the logic of Mr. Steel's strategy suggests that he should hang on a bit longer. The moderates whom he must capture are not, I think, quite ripe. If he hangs on of course, he may lose them altogether; but as the Liberal leadership look over the prospects for the next six or nine months, they will probably conclude that the chances of Labour Government collapsing from its own internal contradictions are high enough to justify the risk.

Letters to the Editor

The trouble at Grunwick

From Mr. Andrew G. Elliot.

Sir,—I have been writing to Len Murray and others in the trade unions warning them of the immense danger to this country for which their policies would be responsible. It may well be that Mr. Len Murray is as worried as I am about Grunwick, but things have come to a deplorable pass when commercial ignoramuses such as Messrs. Ian Mikardo, Stan Thorne, Ron Thomas, Martin Flannery, Dennis Canavan, Misses Joan Maynard, Jo Richardson and Mrs. Wise, by their very presence, are taking the unions' part in this particular matter. The question of whether the police may have lost their temper a little or whether the pickets have thrown bottles and been there in too great a number is, to me, of comparatively little importance.

The important thing is that not only may the battle of freedom for the individual be lost at Willesden, but more and more companies which might be thinking of starting businesses in Britain will not do so. Nor is that all. I wonder if the trade unions have noticed the enormous number of companies, for example Dumbee-Combex, Racal Electronics and, the other day, ICI with their £147m. new plant in Europe, are heading away from their own country.

No doubt all this is in the interests of good business and expansion but unless I am very ignorant of the way the world runs, I would say that these companies and hundreds of others are straining every effort to get business away from this strike ridden, trade unionised country, where so many of the trade unionists are using power to destroy the country rather than to improve the lot of their members. The purpose of my letter is to hope that these Socialist MPs realise the body blow damage they are liable to do to all the people in this country by appearing to support this battle which is largely a political one.

Andrew G. Elliot,
Chairman,
Elliot Right Way Books,
Kingswood Buildings,
Lower Kingswood,
Tadworth, Surrey.

Democracy and voting methods

From Mr. Martin Cox.

Sir, — Your leading article on June 19 dealt with methods of voting for the European Parliament but it is still more urgent to improve the British method of election to our Parliament. Our present system of "first past the post" inhibits democratic choice in every constituency with more than two candidates. To vote for an outsider whose policy and personality one respects most, may well lead to the election of the least suitable candidate. This dilemma compels electors to support a second choice candidate and often prevents support for a moderate — do you remember Dick Taverne?

Under our present system small electoral swings lead to extreme changes of policy — reversed too frequently before being fulfilled. Not even a small company, much less our country, can thrive under these strains! Yet our two main parties appear unwilling to introduce even so modest a reform as "the single transferable vote."

With this we should keep our constituencies and the close connection with our own MPs, but exercise our preference for the candidates we support without giving help to the least suitable candidate by default as at present.

Many would support this view, but unless the media combine to stimulate the electors our main parties will not act. I therefore appeal to you and your readers to crusade now, for unless we do we may soon be putting a cross against the only candidate for the dictatorship!

Our people behave with great tolerance and moderation and will follow a leader in whose policy the majority can believe. Such a policy cannot be extreme Left or Right if it is to survive long enough to succeed. Yet our "first past the post" encourages the extremes and divides "us" into "*we*" and "*they*."

W. M. Cox.
106, Windermere Road, Moseley, Birmingham.

Spending on social services

From the Chief Executive, Somerset County Council.

Sir,—Joe Rogaly (June 21) quotes and presumably accepts Mr. G. W. Lee's statement that although much more money has been spent on the health and social services over the last ten years; they are undoubtedly greatly inferior to what they were before. Somerset County Council is concerned particularly with the mentally handicapped and the facts make nonsense of Mr. Lee's assertion: in the past four years 38 extra hostel places have been provided, one inadequate training centre has been replaced providing an extra 50 places with another training centre opening shortly, 32 mentally handicapped people who were long-term residents in hospital are now resident in group homes supported by the County Council, a fostering scheme was introduced into one part of Somerset to provide short-term care for mentally handicapped children. These are but a few examples of improvements in our social services in the past few years.

During this time the number of County Hall staff, administrators, architects, typists, etc., has been progressively and significantly reduced. In three years central departments have been reduced from 4.6 per cent. of total expenditure to 3.8 per cent. Somerset's policy is to direct its meagre resources to the "sharp end" of the service; a policy supported by all of us at County Hall particularly if it means more for the mentally handicapped.

I imagine Somerset's performance is rather similar to most local authorities in the present situation and one can only surmise that Joe Rogaly accepts emotive general statements as evidence without any substantiating facts.

J. E. Whittaker.
County Hall,
Taunton, Somerset.

Post Office charges

From Mr. Richard Bensted-Smith

Sir,—Mr. Peter Young's special pleading (June 21) that "the latest Post Office charges represent an overall average increase of only 8½ per cent." is reminiscent of the Unit Trust advertising which is able to claim impressive growth by picking suitable starting points in the Market cycle.

When this company was launched on June 1, 1973, its basic service (which depends wholly upon the Post Office to deliver Press releases) cost £20, including first class postage on 50 envelopes—then at 3p. Four years and 12 days later the first class letter rate has risen by *200 per cent.* rather than the 20 per cent. which might be inferred from Mr. Young's letter; our charge for the same service is now £34.25, a rise of 71.25 per cent.

We do not regard this as a particularly notable achievement. Does Mr. Young?

Richard Bensted-Smith,
Managing Director,
Newspress.
The Business Centre,
14, West Street,
Horsham, West Sussex.

Possible Mini price

From Mr. J. Welton.

Sir,—It is interesting to note that if the current price increase policy of Leyland continues, the selling price of the new Leyland Mini in basic form will be something like £3,500!

J. F. Welton.
86, Guildford Drive, Leicester.

Trade and the EEC

From Mr. S. Allen.

Sir,—I refer to the report on June 16 of an exchange in the House of Commons between the Foreign Secretary and Mr. Roy Hughes, Labour Member for Newport.

As an industrial businessman very much engaged in the European scene there is no doubt at all that Britain's entry into the EEC has enabled my company and many others to penetrate markets that previously have been extremely difficult if not impossible, particularly in France and Germany.

I completely endorse the opinions of Dr. Owen, the Foreign Secretary, when he says it would be total disaster to withdraw after two years. When, when, will people like Roy Hughes bury their political dogma and concentrate their efforts on pursuing the best interests of the country, which in the end analysis must be the continued development of the national wealth earning section of our economy. Irresponsible statements by MPs such as those reported in the FT just make an already difficult job impossible.

S. Allen.
Garras,
Stoke Road,
Noss Mayo, Nr. Plymouth.

Irish cattle trade figures

From the Economic Counsellor, Irish Embassy

Sir,—I refer to the letter from Mr. J. T. O'Brien in your issue of June 20 regarding the trade in live cattle between Northern Ireland and the Republic of Ireland.

A few figures may help to put this matter in perspective. Typically, exports from south to north in recent years have been about 150,000 head and imports about 100,000, a ratio of 3 to 2. During the period January 1 to June 11, 1977, exports were 85,000 and imports only 8,800, a ratio of 10 to 1. These facts speak for themselves.

This distortion of the normal pattern of trade was due to the *cumulative effect of the net* monetary compensatory amount (12.83p per pound) and the Northern Ireland Meat Industry Employment Subsidy (11.90p per pound)—I use Mr. O'Brien's own figures here. In these circumstances the distortion was inevitable.

The suspension of the monetary compensatory amount does no more than enable meat factories in the Republic to compete on equal terms with their counterparts in Northern Ireland for the limited supplies of cattle available.

H. G. Foster.
17, Grosvenor Place, S.W.1.

Safety in modern buildings

From Mr. Stefan B. Tietz.

Sir,—Mr. Michael Cassell's article (Construction: a catalogue of failures; June 16) on safety of modern building contains some fallacies. Anybody who has to examine old buildings regularly will confirm that many of them show signs of a long history of old cracks and repairs, far more extensive than would be normal on newer buildings. Just taking ordinary housing as an example, foundations have progressively been taken deeper over the last few decades. Their bearing pressure which was quite common in Victorian days would be unacceptable now, and floors and walls are normally required to be substantially stronger.

Furthermore, the checks to which any design is subjected are very much more extensive. The regulations and the numbers of bodies administering and supervising them have grown hugely both in numbers and the staff employed. The preoccupation of our legislation with "safety" has in fact created a large new industry all by itself and the costs it creates through requirements of new Acts and their enforcement are huge. The new department of the Building Research Establishment is probably more an answer to current lack of confidence which looks for total safety rather than an actual increase of failures. Almost certainly the reverse is true and less now falls down than in the past.

Again quoting an example, one old people's centre has three times been told that its expensive attempts to comply with fire officers' requirements would at last suffice in order then to find on each occasion that a change of department officials caused further demands and further expensive works. Almost the whole of a substantial budget during the last three years has been taken up that way and many desirable improvements which might have assisted the elderly inmates have had to be left undone.

Yet your own article shows that accidents in building are rare.

What conclusions may we draw from the current lack of confidence? Might our problems largely arise from the inevitable tendency to avoid personal responsibility and to look increasingly to Government and its numerous agencies to take on the role of policing design requirements and construction? Furthermore, is the internationa, tendency to look for scapegoats via courts and compensation claims perhaps only highlighting a decreasing number of failures?

The developer has very little and increasingly less say over his development and long after the design and after a contractor has fixed a price the regulatory bodies can ask for changes and add substantially to costs in the name of reputed safety. If Mr. Cassell is correct and building is nevertheless still getting a reputation for being less safe, are we perhaps on the wrong track and may we not do better by returning responsibility unequivocably to the developer and via him to his designers and contractors, largely leaving Government and local authorities out of this sorry charade?

Stefan B. Tietz.
S. B. Tietz and Partners,
10-14, Macklin Street, W.C.2.

To-day's Events

GENERAL

Government expected to publish Bill on direct elections to European Parliament.

Foreign and Finance Ministers of OECD member-countries end two-day meeting in Paris to review industrial world's medium-term economic strategy.

Mr. Roy Hattersley, Prices Secretary, addresses North-West TUC conference on Government strategy, Manchester.

Mr. Finn Gundelach, EEC Fisheries Commissioner, visits Aberdeen, where a demonstration is expected by Scottish fishermen.

Japanese delegation ends two-day talks in London on limitation of television exports to U.K.

The Queen and Duke of Edinburgh make Jubilee visit to Cardiff.

Election of Sheriffs by Liverymen of City Companies in "Common Hall" ceremony, Guildhall, E.C.2, noon.

Confederation of Shipbuilding and Engineering Unions' conference ends, Scarborough.

Post Office Engineering Union conference ends, Blackpool.

PARLIAMENTARY BUSINESS

House of Commons: Coal Industry Bill, remaining stages. Motion on EEC document on illegal immigration and employment.

COMPANY RESULTS

Austin (E.) and Sons (London) (full year). John Brown (full year). Monk (A.) (full year). Moss (Robert) (full year). Rediffusion (full year).

COMPANY MEETINGS

Aberdeen Construction, Aberdeen, 12. Allied Polymer, Manchester, 12. Ayrshire Metal Products, Irvine, Ayrshire, 4.30. Bilton (Percy), Bilton House, Ealing, W.12, Bulmer and Lumb, Bradford, 12. BSG International, Savoy Hotel, W.C., 11.30. British Enkalon, Hyde Park Hotel, S.W., 3.15. Coats Patons, Glasgow, 12. East Surrey Water, Redhill, Surrey, 10.30. French Kier, Waldorf Hotel, W.C., 11. Headlam Sims and Coggins, 5, Albemarle Street, W., 12. Henderson (P. C.), Hornchurch, Essex, 12.15. Kuala Selangor Rubber, 1-4, Great Tower Street, E.C., 12.30. Scottish Ontario Investments, Edinburgh, 12.30. Steel Bros., Dorking, 12. Tebbitt, 24, Portland Place, W., 12. Whiley (George M.), Livingston, West Lothian, 12.

LUNCHTIME MUSIC

City Singers, conductor John Ewington, in music from 1953 Coronation, St. Paul's Cathedral, 12.30 p.m.

SPORT

Tennis: Wimbledon (2 p.m.). Golf: Uniroyal tournament, Moor Park.

COMPANY NEWS + COMMENT

Exports boost Baker Perkins to £7.9m.

AIDED MAINLY by strong export business particularly in Africa and the Middle East, the taxable profit of Baker Perkins Holdings jumped by £3.46m. to a record £7.92m. in the year ended March 31, 1977. Sales were ahead from £69.15m. to £81.42m.

At half-time when profit was more than doubled from £1.59m. to £3.35m. the directors were confident.

Mr. Ian Gilbert, the chairman, now reports that the improved level of ordertaking last year has resulted in a considerably higher carry forward of work into 1977-78. Also, he says that the group's better performance gives confidence for the future and he expects a further advance in sales and profits in the current year.

Stated earnings per 50p share before extraordinary credits of £1.83m. (£1.58m.) were up 4.3p at 15p and a net final dividend of 2.2p lifts the total to a maximum permitted 3.85p (3.5p). If the rate of ACT is reduced a supplementary payment will be made to maintain the maximum as nearly as practicable.

The chairman says the results have been achieved despite the continued relatively depressed business conditions in most of the developed countries of the world.

"The improvement in earnings has been the main element in a further strengthening of the group's financial position. As this became evident during the latter part of the year authorised capital expenditure was increased from £2.37m. to £4.09m. (£1.2m.). A further £4.5m., which will be met from existing resources, has been authorised for the current year. The major part of all this expenditure is in respect of machine tools and other productive equipment Mr. Gilbert says.

The company has interests in the manufacture of plant and machinery for the bakery, biscuit, chemical and printing industries.

	1976-77 £000	1975-76 £000
External sales	81,418	69,152
Trading profit	7,169	4,929
Invest. income	567	798
Interest	213	1,274
Pre-tax profit	7,917	4,453
Taxation	4,110	2,430
Net profit	3,807	1,994
Minorities	234	56
Extraord. credits*	1,575	1,384
Attributable	5,296	3,359
Dividends	828	768
Retained	4,469	2,734

* Including net exchange rate gains on fixed assets and investments of £1.33m. (£1.89m.), and on net current assets less loans and deferred tax £0.3m. (£0.71m.) after minorities of £0.25m. (£0.4m.). Also included are net realisations from property closures £0.17m. (deficit £0.26m.) and expenses of rights issue, less £63,000 transfer from share premium account, of nil (£30,000).

● comment

Baker Perkins' profit record was rather mediocre, basically as a result of poor diversification, but the latest figures, showing a return on net capital employed of 20 per cent., are at least reflecting the management's efforts to concentrate on the areas where it has the most expertise. Mainly these are centred on food processing and packaging machinery and chemical plant. Both of these areas improved their margins helped by an increasing proportion of exports. The printing side recovered and came near to break-even after a £½m. loss previously. Meanwhile, the U.S. turned in a much better result with a £0.8m. increase, though Australian profits collapsed due to a six-figure loss on the refrigeration side. The other main feature of the results is the £1m. reduction in interest charges, reflecting the January, 1976, rights issue, economies in working capital and a better cash flow. This year further growth is anticipated and early estimates are for £9m. pre-tax. At 90p the yield is 6¾ per cent., covered nearly four times while the p/e is 5.9—below the sector average.

INDEX TO COMPANY HIGHLIGHTS

B. Elliott higher by £1m.

DUE to a last quarter improvement, pre-tax profit of B. Elliott and Co. was somewhat higher than expected, at £4.18m. for the year ended March 31, 1977, an increase of £1.02m. over the previous 12 months. In June the directors forecast "in excess of £4m."

Mr. Mark Russell, chairman, reports that the balance-sheet has been substantially strengthened and the group is in a strong liquid position with bank and cash balances up by £1m. and overdrafts and acceptance credits down by £1.06m. Of this improvement in liquidity, £0.92m. was contributed by the proceeds of the rights issue last year.

On increased capital stated earnings per 25p share are up from 13.23p to 16.74p—as expected, dividend total is 4.73p net (4.3p), the maximum allowed, with a final of 2.73p.

First-half profit was up from £1.36m. to £1.96m.

The company has made an offer for The Newall Machine Tool Company—this remains open until July 4.

At March 31, 1977, fixed assets stood at £6.75m. (£6.44m.) and net current assets were £12.1m. (£8.8m.).

	1976-77 £000	1975-76 £000
Gross turnover	57,124	50,133
External turnover	34,068	46,283
Trading surplus	3,450	4,431
Depreciation	894	729
Interest costs	391	545
Profit before tax	4,184	3,166
Taxation	2,018	1,451
Net profit	2,166	1,715
Minority interests	242	371
Dividends	564	478
Balance	1,360	866
Brought forward	4,662	3,593
Sterling adj. credit	140	11
Retained	5,882	4,062

* Increase in value of overseas fixed assets due to currency changes.

● comment

At the interim stage, B. Elliot made warning noises about a slow-down in the second half, but as the forecast at the time of the Newall bid indicated the year ended with a flourish. Buyers had been holding back at the time of the autumn sterling crisis and then returned with a vengeance in the first quarter of 1977. The pattern of sales over the financial year as a whole favoured the more sophisticated labour-saving products. This partly explains the desire to buy Newall Machine Tools, which should have been benefiting from the same trend. The acquisition also makes sense from the point of view of reducing dependence on imported machine tools and, if it goes through at the price to be currently bid, profits should be boosted by £1m. to £1¼m. Without Newall some profits improvement is still probable actually on a smaller scale. At 76p the shares yield 10 per cent. on a p/e of 4.4.

Receivers appointed to Kenkast

KENKAST, the Manchester-based concrete and timber buildings manufacturer, has appointed receivers.

The company, which was founded in 1954 and went public in 1968, had been reporting continuing losses, which it attributed to "severe competition" in a reduced market. Its housing and building divisions were worst affected while its mobile homes activities had been improving.

In 1976, Kenkast reported a pre-tax loss of £397,000 against a loss of £125,000 in the previous 12 months. The company also suffered the effects of labour troubles which persisted throughout most of the year.

Losses continued into the current trading year, although the company said that the forward order situation had been improving. Kenkast, which employs about 300 people, was beginning a major promotion drive for its range of garden buildings in Europe.

The decision to appoint receivers came when the company's major supplier withdrew credit facilities without prior notice. Combined with the losses, the action created cash flow problems which the directors could not overcome.

The company's bankers, Williams and Glyn's, have invited Mr. R. Long-Smith and Mr. J. G. Dixon, partners in the Manchester office of Peat Marwick Mitchell, to be joint receiver managers.

Sheepbridge Engineering peak £5.2m.

After a first-half rise from £1.63m. to £2.04m. pre-tax profit of Sheepbridge Engineering was a record £5.23m. for the year ended March 31, 1977, compared with £4m. last time.

Stated earnings are 8.8p (6.7p) per 25p share and the net dividend total is 3.414p (3.1036p), with a final of 2.1736p—if the tax rate is reduced an additional payment will be made with the current year's interim, the directors say.

	1976-77 £000	1975-76 £000
Turnover	31,397	29,103
Pre-tax profit	5,227	4,003
Tax	2,740	2,072
Net profit	2,487	1,931
Attributable	2,440	1,899

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anderson Strathclyde	1.54	Aug. 5	1.43	2.54	2.31
Arbuthnot Latham	5.61	Aug. 4	1.78	9.11	8.28
ATV	3.1	—	2.45	5.37	4.3
Baker Perkins	2.2	Aug. 18	2	3.85	3.5
Brentnall Beard ......int.	0.53	—	0.46*	—	1.14*
British Steam	3.56	July 29	3.1	5.06	4.6
British Tar	1.44	Aug. 10	1.31	1.62	1.47
Cardiff Maltin ......int.	0.9	Aug. 2	0.9	—	2.14
Dundee & Ldn. Inv. int.	0.8	July 22	0.7	—	2
B. Elliott	2.73	Oct. 21	2.51	4.73	4.3
Heavitree Brew. ......int.	6	July 16	2.28	—	—
J. & W. Henderson	1.56†	Aug. 3	—	9.39	6.75
Investors Cap. Tst. ...int.	0.6	July 1	0.55	—	1.2
Killinghall (Rubber) int.	1.38	July 28	1.26	—	6.4
Lanca	1	—	0.65	1	0.65
Lookers ......int.	0.91	—	0.53	—	2.2
Mansfield Brewery	4.94	July 28	2.34	6.5	3.55
Natl. Carbonising	1.3	Aug. 1	0.65	1.3	0.65
Nthrn. Secs. Trust	2.3	July 23	1.75	3	2.45
Petbow	4.95	July 27	4.5	7.7	7.0
Racal Elect.	1.15	Aug. 17	1.1	1.78	1.55
Russell Bros.	3.14	—	2.79	3.89	3.54
Sheepbridge	2.18	—	1.98	3.41	3.1
J. W. Spear	1.1	July 29	1.0	1.68	1.52
Tace ......int.	0.5	July 29	Nil	—	Nil
Westbrick Products	1.92	Aug. 5	1.66	2.92	2.66
Wharf Mill	0.81	Aug. 5	0.74	1.42	1.29
Wilson Walton	2.19	—	—	3.19	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months.

J. W. Spear better than forecast

CONTRARY to the forecast that 1976 profit would not reach the previous year's £2m. pre-tax, J. W. Spear and Sons, manufacturers of games and toys, made a record £2.23m., after a first-half drop from £0.71m. to £0.68m.

Exports for the year were up by 38 per cent. and represented 44 per cent. of total sales of £5.85m. (£4.89m.).

The accounts of Scrabble Schutzrechte und Handels GmbH in which the company has a direct interest of 49.5 per cent. and an additional interest of 20.9 per cent. through the associate, J. W. Spear und Söhne, have been fully consolidated.

The comparative figures for 1975 have been adjusted accordingly.

In previous years Scrabble Schutzrechte's profits were included to the extent of 49.5 per cent.

Sales and orders in the current year are running at a higher rate than last year, say the directors. Raw material prices have risen and there will shortly be an increase in wages and salaries. Nevertheless, barring unforeseen circumstances, "it is anticipated that profits will again be satisfactory."

Stated earnings per 25p share for the year are 29p (22.58p) and the net final dividend is 1.0964p for a total of 1.6764p (1.524p).

● comment

Capacity problems are continuing to restrict growth at J. W. Spear. Full-year profits are 14 per cent. higher pre-tax (excluding exceptional items) after a marginal fall at half-time. But the second-half improvement appears to stem more from higher prices, largely on exports, than from any increase in volume. Demand for the group's games and jigsaws—led by Scrabble—remains strong internationally, but Spear has been working to full capacity for some time and, until the new 25 per cent. extension to manufacturing capacity comes on stream at the end of 1977, its progress is likely to remain fairly slow. Against that, though, the shares at 168p, on a p/e of 5.7, should be a significant beneficiary from any easing of dividend restrictions since the mere 1¼ per cent. historic return is covered more than 17 times.

Philip Hill to maintain dividend

A dividend at least maintained at the new rate of 6.9p, against 5.75p, net is forecast for the current year for Philip Hall Investment Trust by Sir Kenneth Keith, the chairman, in his annual statement.

He says that the directors are confident of an improving world economic scene and look for more rapid improvement in the U.S. than at home. They intend to continue their present policy of seeking to expand income while investing for capital growth.

As reported on May 25, for the year ended March 31, 1977, taxable revenue was ahead £1.08m. at £5.45m. on gross revenue of £6.76m. (£5.68m.). Though interest charges were almost unchanged overall at £0.97m. (£1.01m.) this disguised a reduction due to the conversion and purchase of loan stock, and a rise on account of the increase in foreign currency borrowings.

At year end 25 of the largest holdings accounted for 46.1 per cent. of the total investments which had a market value of £51.22m. Uninvested funds were up £1.04m. (down £3.06m.).

At May 16, 1977, Eagle Star Group held 19.2 per cent. interest and Prudential Assurance Company 6.3 per cent.

During the year the company arranged an additional foreign currency loan of $U.S.3m. with Hill Samuel and Co., Coutts and Co. and J. Henry Schroder Wagg and Co., which was borrowed in Eurodollars and substantially invested in the U.S. After the year-end the terms of the existing loans due for repayment in 1977 were renegotiated and currently Eurodollar borrowings total $U.S.20m.

Throughout the year there was a surplus over the dollar borrowings of the valuation of the investments acquired with them. At April 30, 1977, this surplus amounted to $U.S.6.93m. The year also showed a surplus in dollar terms of the income received from investments held over the interest paid on the loans. This remains the case but could be adversely affected if Eurodollar rates rise, Sir Kenneth comments.

Meeting, 19, St. James's Square, SW, on July 13, at 2.45 p.m.

CASTLEFIELD AND HOLYROOD STATUS

As Castlefield (Klang) Rubber Estate's trading and operations are almost exclusively overseas the Treasury has confirmed that it will not be subject to dividend controls. A dividend of 7p net comprising a special non recurring distribution of 6.5p and an interim of 0.5p (0.42p) is declared for the year to June 30, 1977.

As Holyrood Rubber is in the same position it too will not be subject to current dividend controls.

Arbuthnot Latham profits up

PROFIT AFTER taxation of Arbuthnot Latham Holdings emerged as £1.35m. for the year ended March 31, 1977 compared with £1.02m.

The profit of banking subsidiary, Arbuthnot Latham and Company after tax and a transfer to inner reserves was £0.67m. against £0.49m.

A final dividend of 5.611p net per £1 share lifts the total from 8.283p to 9.111p, the maximum permitted.

	1976-77	1975-76
Net profit	1,351	1,018
Banking	671	493
Other companies	680	525
Minorities	188	156
Loan interest	234	175
Leaving	929	693
Extraord. debit	66	*218
Less†	96	229
Making	930	682
Tax adjustments	—	41
Invest. debit	476	395
Dividends	633	393
To capital reserves	8	67
To contingencies	250	100
Retained	1,258	1,138

* Credit. † Transfer from(to) capital reserves. ‡ Adjustment in change in basis of deferred tax. § Redistribution of certain associated companies as trade investments.

ISSUE NEWS AND COMMEI

Gillett Brothers to raise £1.06m.

Gillett Brothers Discount is proposing to raise £1.06m. by way of a rights issue of 682,022 Ordinary £1 shares at a price of 155p each. The shares closed 10p higher in the market last night at 195p.

Terms of the issue, which is underwritten by Hoare Govett, are one new share for every three held on June 16.

In the absence of unforeseen circumstances the directors intend to declare an interim dividend of 10p per share gross, to be followed by a final of 13p per share gross. This compares with a total of 20p paid for the year ended January 31, 1977. Treasury consent has been obtained. The new Ordinary shares will not rank for the interim to be declared on July 27.

Giving its reasons for the issue the company states that it has not been possible, in the fluctuating market of recent years, for its assets to expand through retained profits to compensate sufficiently for inflation. The result of this is that the company has had to decline business from time to time which the management thinks it should properly accept.

Having recovered from the difficulties of 1974 the directors feel that Gillett can now enlarge its capital base and thus underake its proper share of the market.

● comment

The size of Gillett Brothers' book has hardly increased since 1972 and although the discount market as a whole has only shown sluggish growth during this period it is generally thought that Gillett was one of the worst affected houses during the 1972-73 crisis. Subsequently it relied partly on goodwill adjustments to help its balance sheet. The amount of business a discount house can do is limited by the size of its capital base through several multipliers, and the 20 times limit now appears to be unduly restricting the amount of commercial bill business Gillett can undertake: the rights issue will consequently add some £20m. to its capacity in this direction. A 10p rise in the shares yesterday to 195p greeted the news, and the ex-rights yield is 12.4 per cent. The pity is that Gillett is raising its capacity after the dramatic drop in money rates last winter and spring, and not before.

BP—OFFER

It is expected that the basis of allocation in respect of the offer of BP Ordinary stock units will be announced by the Bank of England at 3 p.m. next Monday, and that the posting of Renounceable Letters of Acceptance will be completed by July 4. Subject to the announcement being made by that time dealings will commence simultaneously at 3 both in the U.K. an (10.30 a.m. New York) day.

To facilitate initial deali to ensure that all dealing U.K. are on the same b Council have decided that Floors in the U.K. will open until 5.30 p.m. on June 27.

Kode calls for £0.72m.

Kode International is £720,000 by way of a one-f rights issue at 70p per

Although the present term facilities are adequ current trading, the direct sider that the proposed expenditure programme be financed by permanent if future growth is to rem financing.

It is their intention the dividend for the curr to December 31 from 2.25 to 7.231p gross (4.7p net increase has been agreec Treasury.

Although it is too early cast profits for the curre trading results are enc and the demand for the products and services c to expand. The value o received in the period January 1 and June 17 than 40 per cent. higher comparable period.

The issue is underwr Buckmaster and Moore. start on Monday.

SOTHEBY DUI ON MONDAY

Arrangements have be pleted for an Offer for 3.85m. Ordinary shares of of Sotheby Parke Berne at 150p per share. The are Cazenove and Co.

The Offer for Sale advertised on Monday. application list will o Thursday, June 30, 1977.

FARMERS' LO

The Agricultural Mortg poration is issuing £1m per cent. Bonds dated 1980 at par.

Interest on the stock payable half-yearly on D 24 and June 24 except final payment of £6.3527 will be made on the re date of June 27, 1980. T will be redeemed at par

Dealings start today.

Racal well on target with peak £32.7m.

IN LINE with the forecast, made at the time of the rights issue in January, Racal Electronics achieved a 67 per cent. increase in pre-tax profits from £19.65m. to a record £32.71m. for the year ended March 31, 1977, including post-acquisition profits of subsidiary, Milgo Electronic Corporation, of £201,000.

There is also an extraordinary profit of £1.08m. which arose from the purchase and sale of shares and loan stock in Ultra Electronic Holdings.

Turnover for the year was up by 53 per cent. to £122.26m. including £2.21m. from the Milgo acquisition.

Mr. Ernest Harrison, chairman, said that the group's annual sales will rise to at least £200m. during the current year. He said the future "continues to look rosy," with order books at a record level, despite continuing difficulties in world trade.

The African continent, the

Mr. Ernest Harrison

chairman added, had become a highly significant growth area for many of the group's companies and it had made an exciting breakthrough in Latin America, with substantial sales.

Further business in this area was being energetically pursued. Mr. Harrison forecast a "tremendous increase" in percentage sales in the U.S., with the turnover of Milgo in the U.S. this year likely to be some £35m.

A wide range of new equipment will be launched on to the market by most of the Racal companies this year, he added.

Earnings per 25p share are shown as 37.78p (24.64p) and the dividend, as foreshadowed, is lifted to 1.779p (1.552p), the maximum allowed, with a net final of 1.154p. A scrip issue of one-for-one is proposed.

Following the rights issue in March the Treasury has indicated that it would give consent to the company to forecast a dividend on the increased capital of 7.76p net per share for the year ending March 31, 1978.

GRAMPIAN LAND

The directors of Grampian Land announce that they have appointed Bank of Scotland Finance Company as financial advisers to the company.

Grampian Land, apart from owning the Skean Dhu Hotel at Dyce and the Commodore Hotel at Stonehaven, is constructing a new 150-bedroom hotel adjacent to the new air terminal at Dyce. The company also operates as developers and public works contractors in carefully selected projects.

The company, formed in 1972, has among its shareholders Grampian Holdings, Sidlaw Industries, Scottish Amicable Life Assurance Society and Scottish Western Trust Company. The chairman, Mr. R. E. Mullins, also has a substantial equity holding.

Both turnover and profit have grown steadily since incorporation and it is intended to seek a listing for its shares on the Stock Exchange in due course.

Lookers up to £0.61m. at midway

INCLUDING three months' profits of subsidiaries, P. Platts and Platts Agricultural Machinery Exports, pre-tax profits of Lookers, motor vehicle distributors and engineers, rose from £264,555 to £606,849 on turnover of £20.82m. against £13.31m. for the half-year to March 31, 1977.

Mr. R. E. Tongue, the chairman, says that all departments of the company have contributed satisfactorily and the integration of its acquisition of "Platts" is progressing smoothly and producing excellent results.

A good start has been made to the second half of the current year and, he added, a record trading profit for the full year is anticipated.

The company is operating from a strong position and should continue to make satisfactory progress, he states.

A net interim dividend is announced of 0.9075p (0.825p) per 25p share. Total for 1975-76 was 2.2p paid from profits of £1.16m.

The directors say that goodwill arising on the acquisition of "Platts" is being written off in two equal half-yearly amounts during the current financial year.

	Six months 1976-77	1975-76
	£	£
Turnover	20,823,758	13,307,977
Profit before tax	606,849	264,555
Taxation	315,561	137,589
Net profit	291,288	126,966
Extraord. debit	*74,358	501
Attributable	216,930	126,465
Dividend	67,380	†62,571

* Goodwill written off on acquisition. † After waivers of £1,398.

National Carbonising recovery

For the year to March 31, 1977 National Carbonising Company reports turnover up from £20.17m. to £23.42m. and pre-tax profits ahead from £193,000 to £251,000.

	1976-77	1975-76
	[illegible]	[illegible]
Turnover	[illegible]	[illegible]
Trading profit	711	682
Interest payable	460	489
Profit before tax	251	193
Tax credit	9	†104
Net profit	260	89
Extraord. credits	138	413
Available	398	502
Dividend	152	76
Retained	246	426

†Charge.

Before extraordinary items earnings per 10p stock unit are 2.32p (0.76p) and after such items 3.4p. The dividend payment is increased from 0.65p to 1.3p net.

British Tar better second half

A RALLY in second half pre-tax profit from £0.47m. to £0.57m. enabled British Tar Products to maintain the fulltime figure for the year to March 31, 1977, at £1.01m. Sales improved from £10.25m. to £14m. with the export content up £0.49m. at £1.75m.

The directors state that the current year has begun well.

Earnings per 10p share are shown as 4.6p (4.85p) basic and 3.59p (4.14p) fully diluted. A net final dividend of 1.448p lifts the total to a maximum permitted 1.61608p (1.4691p).

The capital expenditure programme at Hull and Cadishead, begun in earlier 1975, is now almost complete. About £1.5m. has been invested and although the costs of commissioning and financing of the new installations have been charged against profits the contribution to profits in 1976-77 from this investment was minimal, the directors say.

The plant at Hull was commissioned in February 1977 and the plant at Cadishead in June 1977. Both are expected to make significant contributions to profits in current year.

	1976-77	1975-76
	£000	£000
Sales	14,008	10,245
Depreciation	249	191
Interest	185	66
Pre-tax profit	1,008	1,014
Tax	525	527
Net profit	483	487
Extraord. debit	6	—
Retained	307	332

Wharf Mill second half recovery

Despite a second half profit of £108,927 against £82,501, pre-tax profits of retail house furnishers, Wharf Mill Furnishers for the year ended March 31, 1977, were down from £140,201 to £119,127, including an exceptional profit of £48,950.

Turnover was up at £2.45m. compared with £2.03m.

Earnings are shown to be down from 4.21p to 3.74p per 10p share and the final dividend of 0.813p net lifts the total to 1.416p (1.287p).

After tax £60,433 (£74,151) net profit came out at £58,694 (£66,050).

There was an extraordinary credit for the period of £70,663.

J. W. Henderson

TURNOVER of building trades merchants, J. and W. Henderson (Holdings) amounted to £34.2m. for the 15 months to March 31, 1977 and profit was £1.2m. before tax of £0.62m.

For the previous 12 months turnover was £26.47m. and profit £1.06m. subject to £0.53m. tax.

Stated earnings per 25p share are 21.54p (19.9p) and the final dividend is 1.8588p for a total of 9.285p (6.753p).

ATV upsurge to £11.16m. —chairman optimistic

TURNOVER OF Associated Television improved from £69.22m. to £89.51m. for the year to March 27, 1977 and pre-tax profit rose sharply from £6.63m. to a record £11.16m. At halfway profits were ahead from £2.08m. to £5.17m.

Net earnings per 25p "A" Ordinary share, before extraordinary debits of £0.35m. (£0.21m.), are 15.32p (7.56p). The net final dividend is 3.099p for a maximum permitted total of 5.374p (4.3p)—if ACT is reduced before the AGM on September 8, the final will be appropriately increased.

	1976-77	1975-76
	£000	£000
Turnover	89,513	69,215
Profit before tax	11,161	6,626
Taxation	4,753	3,418
Net profit	6,408	3,208
Minority interests	3	46
Extra-ord. debit	345	212
Attributable	6,065	2,950
Dividends	2,248	1,799

Lord Grade, the chairman, said he was optimistic about the future. Every division except Ansaphone had been well up last year.

Ansaphone, whose year ended in December, was now "looking very, very encouraging this year."

The group's office block in Birmingham was also doing very well.

The profits boost came mainly from films, he said. The company was putting a lot of money into films from which it saw a return in a couple of years.

"The results will certainly be very beneficial."

The Muppets series made only a small impact on last year's figures, he revealed.

Russell Bros. turns in £67,639

Shopfitting specialists and exhibition contractors, Russell Brothers (Paddington) reports that from turnover up from £1.05m. to £1.65m. pre-tax profit for the year to February 28, 1977 expanded from £45,485 to £67,639.

At halfway a turnround from a loss of £20,590 to a profit of £9,575 was recorded.

Yearly earnings improved from 1.9p to 6.99p per 25p share and the dividend total is raised from 3.5365p to 3.89p with a final payment of 3.14p net.

After tax of £17,300 against £31,800 the net balance emerges in front from £13,685 to £50,339.

Tace better—returns to dividends

Improved taxable profit of £0.27m. against £95,000 is reported by control equipment makers, etc., Tace for the half year to March 31, 1977. Sales were up £1.31m. at £6.26m.

The directors anticipate profit for the second half will at least equal those of the first six months.

In view of the results and successful settlement of the Dutch law suit, the directors have decided to restore dividends. The net interim dividend is 0.5p per 10p share.

Payments were last made for 1974-75 which totalled 0.8p and were paid from profit of £0.4m.

In the U.K., despite the difficult trading conditions, turnover and profits increased in all divisions: the major improvements being in precision and control engineering. In Holland the improved trading has continued and although progress is slow the division is now making a positive contribution to group profits, Mr. J. H. Mackenzie, the chairman, states.

"As already known a settlement was reached with the vendors of the Dutch companies, under which the outstanding consideration of Fl.3.3m. (£775,000) has been cancelled and Fl.1m. (£234,000) of the consideration paid in March, 1976, has been repaid in cash. As a result, the Fl.3m. (£704,000) which the company had deposited with bankers will be released and this sum together with the cash repaid will be utilised in reducing short-, medium- and long-term borrowings.

The audited accounts at September 30, 1976, adjusted to show effect of the settlement, show that the attributable net tangible assets have increased from £1.49m. to £2.5m. and total group borrowings being reduced to £2.76m.

	Half year 1976-77	1975-76
	£	£
Sales	6,255,000	4,947,000
Trading profit	437,000	[illegible]
Net interest	165,000	[illegible]
Pre-tax profit	272,000	95,000
Taxation	130,000	45,000
Minorities	35,000	[illegible]
Attributable	107,000	27,000
Ordinary divs.	23,000	—
Preference divs.	23,000	23,000
Extraord. debits	*31,000	7,000
Retained	18,000	[illegible]

* Includes full provision for net costs relating to the settlement of Dutch law suit amounting to £40,000. † Deficit.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's time-table.

TO-DAY

Interims—Orange Trust.

Finals—E. Austin (London), John Brown, Laurent Holdings, A. Monk, Robert Moss, Norcros, Rediffusion, Renwick Group, St. Piran, William Yates.

FUTURE DATES

Interims—

Alexanders Discount	July 4
Ball (W. W.)	July 4
Mercantile Investment Trust	Aug. 16
Romney Trust	July 21
Veosis Stone	June 29

Finals—

Betty Wiggins	†June 27
C. H. Industrials	July 6
Carclo Engineering	July 11
Dowty Group	July 5
Lennons	July 1
Renold	June 30
Standard Chartered Bank	June 29
Stead and Simpson	June 30
Weston-Evans	June 30

† Amended.

Wilson Walton tops forecast

AT THE time of the offer for sale in May last year, the directors of Wilson Walton Engineering forecast a pre-tax profit for 1976 of not less than £700,000. In the event this has turned out to be £771,246—an advance of £204,977 over 1975.

Profit was achieved on greatly increased turnover of £10.39m. (£5m.). Tax for the year took £394,727 (£305,832).

Earnings per 10p share emerged at 8.2p (5p) and, as foreshadowed, the final dividend is 2.183p net for a 3.183p total.

The company which has interests in offshore oil and gas servicing has grown rapidly in the last six years. However, the offer for sale proved unsuccessful.

MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 8 per cent. (since May 13, 1977)

Day-to-day credit was again in short supply in yesterday's London money market and the authorities relieved the shortage, which was larger than expected, by buying a large amount of Treasury bills direct from the houses and small numbers of local authority bills. In addition they lent a moderate amount to one or two houses at MLR for repayment to-day. The market was helped by bank balances being up overnight and a very substantial excess of Government disbursements over revenue transfers to the Exchequer. There was also a slight fall in the note circulation.

On the other hand there was a slight net take up of Treasury bills and the settlement of some gilt-edged sales. By far the biggest factor was the repayment of Wednesday's exceptionally large advances.

Discount houses paid around 7 per cent. for secured call loans at the start and with evidence of the official assistance being overdone, rates slipped away to close at 6¾-7 per cent. with some money being found at 5½ per cent.

In the interbank market overnight loans opened at 7-7½ per cent. and remained between 7 per cent and 7½ per cent. After easing somewhat during the afternoon however, closing balances were taken anywhere up to 7½ per cent.

Rates in the table below are nominal in some cases.

June 23 1977	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	7-7½	—	—	—	7½	5½-8	—	—	—
2 days notice	—	—	6⅞-7½	—	—	—	—	—	—	—
†7 days or 7 days notice	—	7¼-7¾	6⅞-7¼	—	7½-7⅝	7¾	7¼-7½	—	—	—
One month	7 7/32-7¼	7¼-7⅜	7¼-7⅜	9-8¾	7⅜-7¾	7¾	7⅛-7¼	7 1/16-7 15/32	7⅜-7 7/16	7⅞-8¼
Two months	7 15/32-7 7/16	7½-7⅝	—	8¾-8¼	7⅞-8	—	7¼-7⅜	7 7/16	7⅝-7 7/16	8-8⅛
Three months	7 13/16-7¾	7⅞-8	7¾-7 11/16	8¾-8¼	8¼-8⅛	—	7⅜-7½	7 13/32-7 15/32	7¾	8½
Six months	8⅜-8 5/16	8⅞-9	8⅝-8⅞	9-8½	9¼-9⅝	—	—	—	8⅝	8¾-9
Nine months	9 1/16-9½	9¾-9⅞	—	10-9½	10⅛-10½	—	—	—	—	—
One year	9 7/16-9¾	9⅞-10	9⅞-10	10½-9¾	10¼-10⅝	—	—	—	—	—
Two years	—	—	11¼-11⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 12¾-12½ per cent.; four years 13¼ per cent.; five years 13½ per cent. ⊕ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 8 per cent.; four-month trade bills 8½-8¾ per cent.

Approximate selling rate for one-month Treasury bills 7¼-7 5/16 per cent.; two-month 7 5/16-7⅜ per cent.; and three-month 7 27-64ths per cent. Approximate selling rate for one-month bank bills 7½-7 5/16 per cent.; two-month 7 7/16-7½ per cent.; and three-month 7 21/32-7 11/16 per cent.; one-month trade bills 7¾-8 per cent.; two-month 7¾-8 per cent.; and also three-month 8 per cent.

Finance House Base Rate (published by the Finance Houses Association): 8½ per cent. from June 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 4 per cent. Clearing Bank Base Rate for lending 8½ per cent. Treasury Bills: Average tender rates of discount 7.4525 per cent.

Lonrho borrowing limit raised

The reasons for Lonrho's proposed amendements to group borrowings limits, as set out in the trust deeds of two of its loan stocks—the 7½ per cent. Convertible Unsecured Loan stock 1983-88, and the 7½ per cent. Convertible Unsecured Loan stock, 1984-89—have been sent out to shareholders.

The effect of the changes will be to lift li..its to take acocount of the development and expansion of the business, paricularly in the financing of the export of goods to overseas group companies, since the two stocks were issued in 1968.

The change relates only to the "inner limit" as defined by the limit on secured borrowings of Lonrho and all borrowings of subsidiaries to one and a-half times the adjusted share capital and reserves. The proposals do not affect the overall limit on all borrowings of Lonrho and its subsidiaries of twice adjusted share capital and reserves.

The statement says that the alterntive to an alteration in the limits would either be o seek another form of financing the exports, or to restrict turnover which, the company argues, would both reduce the group's level of profitability.

Shareholders are also asked to vote for the removal of the restrictions contained in the same trust deeds on changes in the nature of the business. The company argues that such restrictions are "inappropriate to a group of such diversity."

In return for their approval, loan stock holders are being offered an increase in the rate of interest from 7½ per cent. per annum to 8 per cent. Terms of redemption and conversion are also to be changed.

Extraordinary meetings to vote on the proposals will be held on Monday, July 18.

Further year of progress forecast by Wedgwood

DEMAND from all markets remains good at Wedgwood and Sir Arthur Bryan, chairman, expects continuing growth in sales during the current year.

Aided by the expanding tourist business, the demand for Wedgwood products is strong in the home market which continues to provide a firm base for the company's important export operations, he tells members in his annual statement.

Until settlement of Phase Three pay negotiations it is difficult for industry to assess its short-term prospects, but Sir Arthur says that as major exporters Wedgwood has to assume either a reduction in U.K. inflation to a rate comparable with major industrial competitors or that the value of sterling in relation to the currencies of the U.K.'s major markets will be adjusted to take care of any excess rate of inflation.

"On this assumption and presuming that there will be no other major domestic or international economic upsets, I expect the current year to be another year of progress for Wedgwood," he states.

As reported on June 11, pre-tax profit for the year to April 2, 1977 increased by 9.3 per cent. to £7.73m.—on a current cost basis the figures are £4.05m. (£3.85m.). In the context of the acquisition of SPR Investments, the dividend total is raised from 5.51p to 6.7p per share net—the final dividend will be paid on the share capital as increased by the acquisition.

Main contributors to the increased profit were the Wedgwood factory at Barlaston, Wedgwood Hotelware, Mason's Ironstone, The Johnson Brothers Tableware division and the Wedgwood overseas companies in the U.S. and Australia. Important contributions were also made by the retail division, especially by Gered/Wedgwood and Precision Studios.

At £59.5m. sales to third parties failed to reach the target of £63.4m. but were 18 per cent. higher than in the previous year.

Apart from the great interest shown in special items produced for Silver Jubilee Year there nas been a good pattern of demand in most markets, in particular the U.S. where demand for bone china tableware and ornamental ware has been strong.

Business in Europe has shown further growth and in addition to the traditional Queen's Ware bone china is now being sold extensively on the Continent where business generally has been very good and the well-established markets in Holland, Italy and West Germany have been outstanding. The company has resumed its traditional place in the French market and there is growing interest in Spain and Japan.

Because the company has not followed the recommendation of the Accounting Standards Committee's statement of standard accounting practice No. 9 (SSAP 9)—which recommends carrying forward a proportion of overhead costs incurred in the current year —about £1.95m. has been omitted from the balance sheet value of the company's stock and profit for the year is about £0.41m. less than it would have been.

Despite an explanation of the decision to ignore the recommendation, the auditors have been forced to refer in their report to the non-compliance with this non-statutory recommendation which has no legal backing and is in some respects at variance with the present law, states Sir Arthur. "Presumably this qualification will continue annually unless SSAP 9 follows SSAP 11 to an early and timely grave," he adds.

The successor to SSAP 11—exposure draft No. 19—has been welcomed by Wedgwood and nas been adopted in the accounts. It completely changes the former recommended method of dealing with taxation.

Capital expenditure approved but not included in the accounts, amounted to about £8.17m. (£5.3m.) of which £3.57m. (£2.72m.) represented actual commitments.

A source and application of funds statement shows that bank borrowings increased by £2.97m. (£1.38m. decrease).

Meeting, 34, Wigmore Street, W., July 20, 11 a.m.

Westbrick loss in second half

WITH A pre-tax loss of £19,000 against a profit of £0.16m. in the second half, Westbrick Products ended the year to March 31, 1977, with a profit down from £0.4m. to £0.21m. on sales ahead from £8.23m. to £10.28m.

Improvement in the reinforced plastics and engineering division was maintained in the second half, but trading for those group companies supplying the building industry has continued at a low level, the directors state.

They say they are more hopeful for the future prospects following the sharp decline in money rates, a vital component of building costs and, in more general terms, the improving outlook for the economy, and the relaxation of controls on office developments in London and the South-East.

Stated earnings per 25p share were 4.5p against 5.2p restated on a new deferred tax treatment basis. A net final dividend of 1.924p lifts the total to a maximum permitted 2.924p (2.659p).

Trading profit after Middle East costs of £61,000 (£18,000) and unallocated central costs of £0.14m. (£0.12m.) was lower at £0.39m. (£0.55m.).

An analysis of external sales and trading profit by activity shows, in £000s: brick manufacturing £2,797 (£2,173), £249 (£217); brick merchanting £1,305 (£338), loss £72 (£25); concrete products £3,037 (£2,795), £76 (£295); reinforced plastics and engineering £2,683 (£2,549), £260 (£146); plastics £461 (£377), £57 (£61).

IBM U.K. expands by £15m.

Reflecting a significant increase in the level of orders and installations of both data processing and office products equipment, group turnover of IBM U.K. rose 24 per cent. to £494m. in 1976 and pre-tax profits improved £15m. to £87m.

Exports of goods and services expanded from £178m. to £240m. and profitability of exports showed a slight increase. However, the profit level of home sales was again reduced by cost inflation, which was not fully reflected in price increases.

Net profit was £41m. (£31m.) after tax of £46m. (£41m.). Investment in fixed assets totalled £72m., a rise of £22m.

Announcing the results Mr. Eddie Nixon, managing director, says that in spite of the success profit margin in the home market place again declined. The £62m. increase in exports reflects the increasing world-wide demand for the products of the two manufacturing plants during a particularly difficult time. The 44 per cent. increase in fixed assets investment is a clear indication of the directors' confidence in the future of IBM's growth in the U.K.

The Board also announces an increase in the authorised share capital from £60m. to £100m. The AGM further approved the proposal, subject to Bank of England approval, to increase the issued share capital from £60m. to £90m. by capitalising £30m. of reserves in exchange for 30m. fully-paid Ordinary shares of £1 each.

The 50 per cent. increase in issued share capital is consistent with business growth over the last few years and brings the capital more into line with IBM's investment plans in the U.K.

Midway fall by Cardiff Malting

TURNOVER FOR the first half to March 31, 1977 at Cardiff Malting Company dropped from £272,326 to £261,174 and profit was lower at £14,160, compared with £44,160, after tax of £6,000, against £23,000.

For the full year to September 30, 1976 turnover was £0.52m. and profit £57,894.

The net interim dividend is being held at 0.9p — last year's final was 1.24p.

Ecclesiastical Insurance

Although more churches than ever were being insured for realistic sums, there were sadly still many that were badly under-protected, states Mr. Allen Grant, chairman of the Ecclesiastical Insurance Office. In his annual statement, he emphasises that for an ongoing parish, there was no effective substitute for a full insurance scheme in line with the recommendations of EIO's expert surveyors. Advice to such parishes to insure for less was misguided and would leave them vulnerable whenever a severe misfortune occurred.

He accepts that there were parishes that could not find the financial resources necessary to provide adequate insurance. The EIO had introduced a purpose designed contract of a limited nature to meet their needs.

The report and accounts for the year to February 28, 1977, show that premium income on fire and accident insurance rose by £1.5m. to £6.3m. while expenditure increased by a similar amount to £6.5m. After making an increase in provision for unexpired risks of £0.5m. there was an underwriting loss of £210,000 for the year, slightly lower than the loss of £250,000 for the previous year.

The directors point out that the gradual improvement in underwriting results does not yet permit them to increase the basic level of charitable grants, which remains at £230,000. But this year it is possible for the company to utilise funds in the charitable trusts to add £86,250 to that sum making the total distributed to £289,250. Mr. Grant explains that the company had now been able to provide for its historic customer body, the Church of England, a total of £4½m.

Anderson Strathclyde down £0.26m.

A SLOWDOWN in pre-tax profit in the second half from £2.21m. to £1.94m. caused mining and industrial equipment manufacturer Anderson Strathclyde to slip from a peak profit of £3.53m. to £3.27m. in the year March 31, 1977. Sales were £2.73m. better at £40.25m.

As forecast in November, a net final dividend of 1.5355p lifts the total to a maximum permitted 2.5355p (2.305p). Earnings per 25p share were 7.3p (9.4p) on a net basis of 8.3p (9.4p) on a nil distribution basis.

During the year there was a strike of nearly seven weeks in a major unit and the sudden cessation of Regional employment premium from January 2, 1977, cost the company about £0.15m. as the loss of revenue could not expressly under the Price Code, be recovered in prices, the directors say.

The performance shows the strength of the re-organised company which will enable it to use the many opportunities that arise from the importance of coal as a major source of energy.

With the expectation of greater freedom in pricing later in the year, revised prices have already been presented to the National Coal Board. These prices are all competitive, but negotiations have yet to take place. The directors point out that the company was unfortunately placed in terms of prices when price restraint started and therefore suffered severely ever since.

	1976-77 £000	1975-76 £000
Sales	40,254	37,522
Trading profit	[illegible]	[illegible]
Net interest	[illegible]	[illegible]
Pre-tax profit	3,264	3,526
Tax	[illegible]	[illegible]
Overseas	343	[illegible]
U.K.	[illegible]	[illegible]
Net profit	2,334	[illegible]
Minorities	15	—
Attributable	[illegible]	[illegible]
Ord. dividends	591	[illegible]
Leaving	[illegible]	[illegible]

† Includes an exceptional credit of £0.2m. from the restoration or inclusion of certain items of overhead expenditure in the valuation of stock and work-in-progress.

Comparative figures are restated to account for change in treatment of deferred tax. The tax charge for 1975-76 has been reduced from £1.8m. to £0.8m. The remainder of the deferred tax provision released has been credited to retained profits. This credit, amounting to £3.06m., relates to 1975 and earlier years.

Steel & Alloy Processing

Steel and Alloy Processing, the West Midlands-based steel stockholding and processing company attained a new turnover and profits level with its trading returns for the year ending March 31, 1977.

The turnover marks an increase of just over 14 per cent. on the previous year, with gross profits up by over 18½ per cent. The increases would have been better but for the effects of various rebates introduced by the British Steel Corporation.

Stated earnings per 20p share were 10.01p (7.24p) and, with Treasury permission, the net dividend is lifted from 0.65p to 1p.

Mansfield Brewery expands

Having moved ahead from £931,000 to £1,187,000 at half-way the pre-tax profit of Mansfield Brewery climbed to a record £2,459,000, against £1,805,000, for the year to March 31, 1977.

A net final dividend of 4.938p per £1 share lifts the total to 6.5p (3.457p).

Tax took £1,147,000 (£790,000) leaving a net balance of £1,312,000 (£1,015,000).

The company retains close status.

Dundee & London first half headway

Gross revenue of Dundee and London Investment Trust advanced from £331,665 to £377,721 in the six months to April 30, 1977, and after tax of £107,547, against £91,907 net revenue rose from £133,963 to £182,415.

The interim dividend per 25p share is increased from 0.7p to 0.8p net. Last year's total payment was 2p from pre-tax revenue of £557,491.

Net asset value at April 30 was 73.5p (69.3p) per share.

Lanca improves and pays more

Handbag makers and wholesalers Lanca expanded pre-tax profit from £83,830 to a record £112,844 on sales maintained at £1.34m. for 1976. The directors say that trading for current year to date is in line with expectations but the recent downturn in retail trade gives cause for concern. A formal submission for re-listing of the company's shares is in course of preparation.

Heavitree £31,713 rise halfway

Pre-tax profit of Heavitree Brewery for the half year ended April 30, 1977, was ahead from £98,246 to £129,959.

Profit for 1975/76 was a record £356,106.

To reduce disparity the interim dividend is increased to 6p (2.775p) net per £1 share.

Tax for the half year took £67,619 (£51,067) and net profit emerged as £62,340 (£47,189).

Northern Secs. earns and pays more

Gross income of Northern Securities Trust for the year ended April 5, 1977, rose slightly from £376,824 to £389,575 and pre-tax profit was up to £255,461 against £194,785.

Earnings per 25p share are stated as 4.27p (2.94p) and the dividend is stepped up to 3p (2.45p) with a final of 2.3p net.

Tax took £98,341 (£81,789).

Net asset value per share is shown as 126p (117p).

British Steam surges ahead by £0.62m.

AFTER ADVANCING from £0.51m. to £0.699m. at halfway, pre-tax profits of specialist suppliers of pipeline equipment, British Steam Specialities Group finished the year to March 31, 1977, ahead £0.62m. at £1.78m.

Earnings per 20p share are shown to have risen from 6.5p to 9.5p and the dividend payment is stepped up from 4.0p to 5.06p with a final of 3.56p net. A one-for-ten scrip issue is also proposed.

	1976-77 £000	1975-76 £000
Turnover	[illegible]	[illegible]
Pre-tax profit	1,777	[illegible]
Taxation	[illegible]	[illegible]
Extraordinary credit	[illegible]	[illegible]
Retained	[illegible]	[illegible]

† Surplus on realisation of property.

Exports boost Petbow profit

CONCENTRATION on exports helped boost pre-tax profit of Petbow Holdings, the generating equipment and welding plant group, by 14.2 per cent. to a record £2.79m. for the year to March 31, 1977, and Mr. James Bird, the chairman, says further growth in turnover, profit and exports is planned during the current year, while investment in new facilities will continue.

Earnings per 10p share are stated to be up from 19.53p to 20.83p before extraordinary items of £0.66m.

As forecast the final dividend is raised from 4.5p to 4.95p net, lifting the total from 7p to 7.7p. In the event of a cut in ACT the addition to the final net dividend will be paid with the 1977/78 interim. The chairman and Mr. E. Bird have waived dividends totalling £145,000.

Turnover increased from £16.45m. to £17.43m. and exports by 34 per cent. to £13.8m.

The closure of the Australian subsidiaries—which contributed £1.53m. to the 1976 turnover—has now been effected and the losses of £0.66m. have been charged to extraordinary items.

As a result of improved management controls net borrowings were reduced by almost £2m. during the year and group stock levels decreased by more than £0.5m., Mr. Bird says.

"The depressed home market has not provided growth during the year, therefore the company has concentrated on the substantial export markets, achieving an estimated 50 per cent. of all generating set exports within the range in which we specialise," he reports.

"The developing countries of the Middle East and Africa continue to be very important markets, and Petbow has increased its presence by direct representation in the major markets. Penetration in Europe has increased and sales effort to Japan has commenced."

	1976-77 £000	1975-76 £000
U.K. sales	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Total sales	17,433	16,450
Profit before tax	2,786	2,439
Taxation	1,497	1,326
Net profit	1,279	1,113
Extraord. debits†	659	—
Attributable	720	1,113
Dividends	365	276
Retained	335	837

† Refer to Australian losses.

At halfway, when pre-tax profit was up from £1.7m. to £1.9m., the chairman said that the group's order book had increased during the six months and further sales growth was expected during the second half. Although the U.K. market was still depressed record exports had been achieved and a greater share of the still buoyant overseas markets was being sought, he added.

● comment

After a disappointing first half, Petbow's creditable second-half performance managed to lift the annual turnover only by 17 per cent. (adjusting for the Australian closure) and profits by 14 per cent. It is clear that the growth surge of a couple of years ago is now over and any further growth will have to come from increased market shares in generators plus the markets now being established in Germany and Japan. So the company is preparing for slightly slower growth this year. In the meantime it is concentrating on housekeeping. The closing of the Australian division helped improve pre-tax margins by over a point to 16 per cent. And at the same time net borrowings have been reduced from around 40 per cent. of shareholders' funds to less than ... cent., which, coupled with decline in stocks, leave balance sheet well equip... the tougher climate. ... the p/e of 7.2 is still ... especially supported by th... of 7.9 per cent. on a shar... of 155p.

Brentnall Beard expands

WITH ITS investment in East Asia continuing to ... increasingly excellent resul... pre-tax profit of Brentnall (Holdings), international ... ance brokers, advanced by ... cent. from £0.51m. to £0.... the first half to March 31.

In his annual report in J... Mr. Frederick Beard, the ... man, described the outl... the current year as favoura... said he was confident of ... earnings growth in 1977. ... reports that all the group ... ing companies at home ar... seas have increased profi...

The performance o... Canadian companies hav... been up to expectations, h...

Adjusted for the two ... scrip issue, net interim d... is raised from 0.483p to 0.5... equal to 1.144p and was pa... 10p share. Last year's to... record pre-tax profit of £...

	1976-77 £
Trading profit	[illegible]
Invest. income	[illegible]
Pre-tax profit	[illegible]
Taxation	[illegible]
Net profit	[illegible]
Dividend	[illegible]

Investors Capital Trust revenue rise

Gross revenue of I... Capital Trust for the six ... to May 31, 1977 rose from ... to £1.66m. and net ... emerged as £0.56m. ... £0.59m.

Mr. C. F. Sleigh, chairm... that the company contin... policy of concentrating i... seas portfolio in sectors ... from time to time offer ... average potential. Some ... company's Japanese sha... adds, and the proceeds ar... added to its existing larg... in the U.S.

He states that the fi... provided by the company ... loan accounts has prove... of great advantage.

Earnings per 25p sha... shown to be up at 0.88p ... and Mr. Sleigh says that ... earned to date is higher t... estimated last November ... interim dividend is in... from 0.55p to 0.6p net.

He adds that if the co... estimate for the current ... realised, earnings will be ... than in 1975-76 and th... will be "ample scope" ... further increase in the fi... dend.

The directors state th... May 31 there is a corpora... liability of some £700,000 ... respect of chargeable ga... the half year.

Net asset value per s... shown as 97p (89.1p).

BIDS AND DEALS

Rolls-Royce tries again for Fodens with £11m.

olls Royce Motors has sub- ntially increased its offer terms Fodens, the special commer- vehicle manufacturer, with a bid worth £10.9m.

he increased terms—four RRM res for every five Fodens inary and 16 RRM for every Fodens Preference shares— worth 53p and 211p re- tively, the Ordinary offer ig pitched some 5p above last n's closing price of 48p.

he previous offer of a seven- 12 share swap would have n worth 38p or £8.4m. for the le company at yesterday's es, so the new terms repre- t an increase of almost two- ds.

n addition Fodens share- lers will be entitled to retain dividend of 2.44p net forecast the Foden Board last week in it unveiled a hefty turn- nd from losses of £1m. to mated pre-tax profits of m. for the year ended April 2.

ast night, Mr. William Foden, ef executive of Fodens, said t "there is just no room for yment on this occasion. The rd will look carefully at he ms and in due time will report shareholders."

o far Fodens which was ectively saved from its financial iculties in 1975 by institutional port, has so far opposed the It has argued that the results the work put in by the Board ce 1975 would not show ough until 1978-79.

lowever, the present terms uld certainly seem likely to t the Foden Board's resolve. lls Royce point out that the er represents a price earnings io of 13.3 on the 1976-77 profits imate, assuming full conversion the Preference shares.

Compared with Fodens' price ead of the original bid nouncement on May 25, the er represents an increase of per cent. for the Ordinary and per cent. for the Preference res. Taking into account Rolls yce's forecast of a maximum missible dividend of 4.235p for current year, Ordinary share- ders would see an income gain 39 per cent. and Preference reholders an uplift of 35.5 per it.

lolls Royce says that it is con- ent that it is making an offer ich values Fodens fully and ich represents prices unlikely be seen in the market should offers lapse.

lolls Royce's original offer, ich closed this week, attracted eptances of only 2.93 per cent. the Ordinary shares and 0.04 cent. of the Preference shares. he increased offer will remain n for 14 days after the details the offer have been posted to lens' shareholders.

As already announced, the Secretary of State for Prices and Consumer Protection is not refer- ring the p ed acquisition to the Monop Commission.

Lex takes 19% stake in L. Lipton

Lex Service Group has bought a 19.23 per cent. stake in L. Lipton, the fork-lift truck specialists. The news follows an announcement last week that talks were taking place with an unnamed party that could lead to an outright offer.

The holding has been acquired from SGB Investments at 89½p per share, which places a value on the transaction of around £380,000 and a price tag on the Lipton Group as a whole of just under £2m. However, the mar- ket is clearly already looking beyond such a price and Lipton shares ended the day 14p higher at 92p, having touched 95p.

Any firm offer that may emerge from the talks will almost cer- tainly have to be agreed by members of the Lipton family, the directors and their families who, between them, control approximately 46 per cent. of the capital.

The reasoning behind the interest from Lex Group's point of view is that if successful, it will be a valuable addition to Harvey Plant Hire, reckoned to *be the largest in fork-lift truck plant hire in the U.K.* It would also expand Lex's geographical spread.

METTOY STAKE IN FRENCH DISTRIBUTOR

Mettoy Company has bought a substantial interest in its re- cently appointed French distribu- tors — Fair Play.

Fair Play, with its offices and warehouse in Paris, acts as the French distributor for a number of major European toy manu- facturers.

This new financial link between the two companies is expected to improve the sales volume and profitability of Mettoy's operations in what is seen as an expanding market.

CLUFF OIL

Baring Brothers and Co. an- nounces that its offer on behalf of Cluff Oil to acquire further overriding Royalty Units in Blocks 21/1 and 21/6, which include the Buchan Field, in exchange for Ordinary shares in Cluff has been accepted in respect of 442.5 Royalty Units. This will involve the issue of 26,550 Ordinary shares. The necessary resolution was passed at an extra-ordinary meeting and the offer is therefore unconditional and has closed.

WARREN/RIT

Warren Plantations Holdings has been informed that Roths- child Investment Trust has reduced its holding to below 5 per cent.

ALLIED BREWERIES

Allied Breweries offers for Goldwell have become uncondi- tional in all respects. The Ordi- nary offer remains open.

GARNAR SCOTBLAIR

Garnar Scotblair has acquired Wilson and Tilt of Northampton.

The net assets of Wilson and Tilt as at June 30, 1976, amounted to £563,000 and the profits before tax for the year amounted to £119,000.

The acquisition is expected to be completed on June 30, 1977, and the consideration will be approximately 670,000 Ordinary shares of Garnar. Arrangements are being made for 508,642 of these shares to be placed with institutions by de Zoete and Bevan to produce a sum of approximately £445,000 net of expenses.

MOORE/LAMSON

Moore Corporation and Lamson ustries announce that talks taking place which may lead a new offer by Moore for the ole of the Preference capital Lamson.

LONRHO/AVP

Lonrho announces that its offer the issued capital of A.V.P. lustries has been declared un- ditional in all respects and been extended until further ice.

Acceptances of the offer have en received from over 80 per it. of the holders in respect of 026,528 shares of AVP, repre- nting 89.13 per cent. of the ares in issue (including 00,391 (6.28 per cent.) which subject to the completion of rious formalities).

HAW PAR

Haw Par Brothers International has received acceptances of its offer for all the 4½ per cent. convertible redeemable guaran- teed Preference shares of 20p each of Haw Par (London) not already owned by it in respect of 185,000 convertible shares.

Together with the 10,131,750 convertible shares already owned by HPBIL *before the offer* these shares represent 45.7 per cent. of the convertible shares in issue. The offer is not conditional on any minimum level of acceptances being received. The offer is now closed.

BAMFORDS

As a result of the recent rights issue F. H. Burgess increased *its share holding in Bamfords to* 57.1 per cent. The financial year of Bamfords and its subsidiaries is to be extended to a period of 15 months to February 31, 1977 to coincide with the year end of F. H. Burgess.

SHARE STAKES

Singlo Holdings: Caparo Invest- ment has acquired 63,000 10 per cent. convertible Preference shares.

JCEG: Manchester Nominees has disposed of its holding of 410,500 shares. The company has been informed that 342,005 shares have been acquired for clients of a licensed dealer in securities and that no client holds 5 per cent.

Tehidy Minerals: Perquage of Jersey, CI, has an interest in 150,000 shares. TEJA Riverview Holdings, of Jersey, owns 5,000 shares. TEJA is identical in every respect except the name Perquage, with the same directors, Tehidy Board states.

Sime Darby Holdings: Com- panies in which Mr Wee Cho Yaw, director, is deemed to be interested have increased their holdings from 1,720,000 shares to 1,770,000 shares. His personal holding is unchanged at 30,000 shares.

Scottish National Trust Com- pany: Eagle Star Group has bought 10,000 6 per cent. cumu- lative Preference shares. Total holding 130,000 shares (8.66 per cent.).

A. Monk and Co.: Saint Piran has sold 5,000 shares. Present holding 590,000 shares.

Dunlop Holdings: Eagle Star Group has bought 20,000 5½ per cent. cumulative Preference shares. Total holding 1,265,110 shares (8.64 per cent.). The fol- lowing directors have taken up rights in the recent rights issue Sir Reay Geddes 2,059, Mr. J. Campbell Fraser 102, Mr. M. L. Bexon 66, Mr. J. Dent 400, Mr. W. K. Gardener 666, Mr. J. F. Lever 333, Sir Harry Melville 499, Sir John Partridge 66, Dr. Ing. L. Pirelli 66, Sir John Read 83, Sir Frank Roberts 200, Mr. E. A. Wheater 500. The following direc- tors of Dunlop Plantations have taken up *their* rights in Dunlop Holdings: Mr. J. Campbell Fraser 102, Mr. R. Palmer 1,666. The following directors of Dunlop Textiles have taken up their rights in Dunlop Holdings: Mr. J. Camp- bell Fraser 102 and Mr. J. Dent 400.

MINING NEWS

A further £20m. for Cleveland Potash

BY KENNETH MARSTON, MINING EDITOR

A FURTHER sum of up to £20m. is to be made available this year to the struggling Cleveland Potash mine in Yorkshire of Imperial Chemical Industries and Charter Consolidated. The latter's share of this will be £7.5m. and the total spending on the loss-making pro- ject will thus rise to some £105m. Moreover, additional funds will be required next year.

The property suffers from min- ing problems associated with the undulating nature of the potash seam which also varies in width and grade. It is also a gaseous mine with the result that equip- ment has to be flame-proofed while the hot temperatures obtaining are hardly conducive to the good level of productivity *required from the men working* there. On top of this, the market for potash remains weak.

Current monthly output levels are about 14,000 tonnes of pro- duct, less than 20 per cent. of capacity—some 30,000 to 40,000 tonnes would be needed to cover working costs—but productivity is showing some improvement and Charter thinks that the technical problems are *now within reach of* solution. The major need at the moment is to establish more mineworking space and this will take about 12 months.

Charter's other problem child, the 14 per cent. owned Tenke- Fungurume copper project in Zaire which has now been heavily written down, is unlikely to be reactivated "for some years", according to Mr. Murray Hofmeyr in his statement with the Charter annual report.

On the brighter side, the group's Malaysian tin interests and the Portuguese wolfram mine of Beralt have had a good year and are continuing to do well. So, too, are the industrial interests, not- ably Cape Industries, Elastic Rail Spike and Heatrae-Sadia whose revenue contribution to Charter last year was slightly more than the group's important investment income.

As reported yesterday, Charter is following its policy of increas- ing its U.K. industrial interests with the proposed acquisition for £12.7m. of the MK Refrigeration group. Investment income should also increase this year, mainly through the important mining finance holdings which include Anglo American, Anglo American Investment Trust and Selection Trust.

Looking ahead there will be a new source of income in due course from the 10.8 per cent. stake in *Tara Exploration with* its new high grade zinc-lead mine at Navan in Ireland. Charter is now on the road to recovery after its past problems, but doubts must continue to surround Cleveland Potash. They are probably allowed for, however, in the cur- rent share price of 105p which compares with a net asset value of 255p per share.

Patino NV control in $59m. deal

Mr. Patrick J. Keenan, the presi- dent of Patino NV, announced yesterday that Canbrusa *Mining* NV has completed the purchase of 2,493,969 Common shares of Patino, representing over 60 per cent. of those outstanding. The shares were £13¾ in London yesterday.

He noted that Canbrusa, a Netherlands Antilles corporation, had been formed by Antenor Patino R., Jaime Ortiz-Patino, Patrick J. Keenan and other members of the management of Patino to consolidate the control position of Patino, formerly held by the Patino family. As a result, control and continuity of manage- ment is now assured.

The purchase price paid by Canbrusa for the Patino shares *averaged $23.88 per share payable* over various periods of up to six and a-half years, and the cash portion of the purchase price has been financed by the founding shareholders and by a loan from a Canadian chartered bank.

U.S. coal may not achieve output target

The Carter Administration's aim of doubling U.S. coal produc- tion by 1985 is unlikely to be reached, according to Mr. John Hogerton, executive vice-president *of the S. M. Stoller Corporation.* The effect is likely to be an increase, above Administration projections, of the amount of U.S. nuclear capacity that needs to be in service by the year 2000.

A boost to coal production is an essential element of the Administration's new energy policy, which sees nuclear capacity as a service to supplement other energy sources.

Speaking at the Uranium Insti- tute's symposium on uranium supply and demand yesterday, Mr. Hogerton said that most industry observers are sceptical about the Administration reach- ing its target for coal "especially in light of the restraints imposed on strip (opencast) mining by legislation enacted very recently."

Even if production problems could be overcome, there would still be problems with coal trans- portation, Mr. Hogerton added.

At the same time the Admini- stration's attitude that more scrubbers, anti-pollution devices, will be needed in power plants designed to burn low sulphur coal, will discourage the utilities from accelerating their use of coal.

Mr. Hogerton also raised the scientific question of the so-called "greenhouse effect," which could conceivably, as he put it, "develop into a public issue rivalling if not outstripping in emotionalism the issue of the environmental effects of nuclear power."

The question raises the possi- bility that a doubling of present levels of coal use might, by temperature changes caused by the accumulation of carbon dioxide in the atmosphere, adversely affect the world's climate.

It seemed likely to Mr. Hogerton that installed nuclear capacity in the U.S. by the year 2000 would be more like 450,000 MW than 380,000 MW anticipated by Dr. James Schlesinger, the chief energy adviser of President Carter.

Anglo joins Newmont in £113m. venture

SOUTH AFRICA'S Anglo Ameri- can Corporation has emerged as the partner found by America's Newmont Mining for the develop- ment of the big Gamsberg zinc- lead deposit in the remote and arid Northern Cape Province.

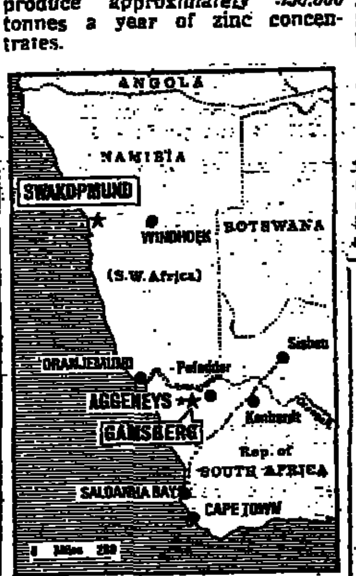
Anglo has agreed to acquire a 45 per cent stake in the venture, leaving Newmont and its 57.5 per cent.-owned O'Okiep Copper each with an interest of 27.5 per cent.

Preliminary capital costs are put at about R170m. (£113.6m.) for mine and plant facilities to produce approximately 330,000 tonnes a year of zinc concen- trates.

metals division, said that: "We regard the Gamsberg project as a very important undertaking: it is a major orebody and if we go ahead as planned, the project will make a significant contribu- tion to South Africa's balance of payments."

Remote and inhospitable though it is, the North West Cape has acted as a magnet to the world's major mining companies and several good finds have been made. Among them is the R150m. (£100m.) copper-lead-zinc venture at Aggeneys where America's Phelps Dodge is to be partnered by Gold Fields of South Africa.

Aline development at Aggeneys is expected to take some 2½ to three years. It is contemplated that annual production will ... 1,125,000 tonnes of ore from which there will be recovered approxi- mately 22,000 tonnes of copper concentrates, 132,000 tonnes of lead concentrates and 35,500 tonnes of zinc concentrates.



Gamsberg is situated 110 kilo- metres east of O'Okiep's existing base-metal mining operations. Delineated ore reserves of the big orebody are estimated at 143m. tonnes, averaging 7 per cent. zinc and 0.5 per cent. lead, while significant additional reserves are indicated.

The first several years of pro- duction will come from a zone averaging 8 per cent. zinc. Mean- while, evaluation and feasibility studies should be completed by the end of this year when con- sideration will be given to financ- ing arrangements with banks and other institutions. O'Okiep will manage the project.

Mr. A. B. McKerron, chairman of Anglo's exploration and base

SELUKWE/KADUNA

Selukwe Gold Mining and Finance announces that its revised offer for the Kaduna Syn- dicate not already owned by Selukwe has been declared un- conditional. The cash alternative will close on June 30 but the offer will be extended until July 8.

Selukwe has received accept- ances totalling 1,418,069 shares and to the cash alternative total- ling 270,967 shares. Selukwe holds or has received acceptances for 1,817,976 Kaduna shares (approximately 53 per cent.).

BANK RETURN

	Wednesday June 22 1977	Inc. (+) or Dec. (−) for week
BANKING DEPARTMENT	£	£
LIABILITIES		
Capital	14,553,000	
Public Deposits	19,286,886	− 668,308
Special Deposits	[illegible]	[illegible]
Bankers	345,147,104	+ 43,297,780
Reserves & Other Accts.	516,380,412	− 44,173,717
	1,948,816,502	− 10,256,619
ASSETS		
Govt. Securities	1,274,034,178	− 324,495,000
Advances & Other Accounts	579,636,311	+ 313,709,265
Premises, Equipment & other Secs.	85,182,947	+ 25,195
Notes	9,611,053	+ 404,568
Coin	193,050	+ 1,922
	1,948,816,502	− 10,256,619
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,125,000,000	− 60,000,000
In Circulation	7,115,488,953	− 60,404,568
In Bank'g Dept.	9,611,053	+ 404,568
ASSETS		
Govt. Debt	11,015,100	
Other Govt. Secs.	5,582,779,760	+ 60,671,850
Other Secs.	1,531,205,140	− 120,671,850
	7,125,000,000	− 60,000,000

Vickers off to good start

Vickers chairman Lord Robens stated at the agm that the businesses had all fared well in the first four months of 1977 and sales and profits had been well ahead of the figures for the same period last year.

In common with all businesses, the group suffered from the strains imposed by inflation and the world economic climate. Nevertheless, the past four months were extraordinarily good and he saw no reason why the group should not continue to pros- per in the way that it had in the past few years. Commenting on the loss of the group's shipbuild- ing and aircraft interests, Lord Robens said that through a sen- sible reinvestment of the compen- sation, as and when received, the directors would be able to replace the loss of profits in a reasonably short space of time. This was their objective.

Kwik-Fit (Tyres and Exhausts) Holdings—Mr. W. A. Stenson said the company had made a good start to the current year and the rate of growth exceeded that for the year under review.

Lead Industries—Mr. Ian G. Butler said that as the group was primarily a supplier of materials to industry, results must be in- fluenced by the level of industrial activity. For example, in the U.K. the building and automotive industries had not been very buoyant, but the ceramic indus- try, with a flourishing export trade, continued to expand.

Since his annual statement, there had been no sign of an increase in world trade, except perhaps in North America. In the U.K. many of the subsidiaries had been re- porting better figures than in the early part of 1976 but currently there was less confidence of the improvement being maintained.

Overseas most of the manufac- turing operations were maintain- ing good levels of production and profitability.

Current reports from associated companies showed that so far they also were at least equalling last year's performance."

Mr. David Samworth, of Park Farms, commented on the recent spate of takeover rumours con- cerning the company. He re- minded holders that the directors owned 60 per cent. of the equity, and added that contrary to all the rumours, they had not re- ceived any takeover offers at all and that neither had they sought any.

Mr. Samworth said the capital expenditure programme of more than £3m. during the last three years, together with a vigorous marketing policy, was enabling the company to increase the num- ber of van sales journeys and produce record volumes in all product groups. He expected earnings for the current year to be substantially higher than in the last year, and the results for the first 15 weeks were well up to expectations.

Anglo-Swiss Holdings—The chairman reported that metal components was fulfilling its forecast of improving consider- ably on last year's performance. Results so far available however, showed a setback elsewhere in the group, which would un- doubtedly result in a loss for the first six months of the year.

By the year end, however, measures being taken under the group's recovery plan should bring results back towards the position indicated in his statement circulated with the accounts, although "an overall profit is now uncertain."

Duple record in prospect —£0.49m. rights

FIRST half pre-tax profit of Duple International more than doubled from £153,191 to £357,721 and the directors forecast a record £930,000 for the full year to August 31, 1977, compared with £807,406 last time.

In addition they propose to raise about £483,000 through a one-for-three rights issue at 5p per share.

Assuming the 1976-77 forecast is realised, the directors plan to return the company to the divi- dend list with a payment of 0.385p on increased capital. Treasury consent has been obtained.

The last payment was 0.75p net in 1972-73.

For the first half, the effect of a change in accounting policy has been to carry forward in the valuation of work in progress a higher proportion of production overheads than before, and thereby increase pre-tax profit by £106,807—the comparative figure has been increased by £92,757 and the 1975-76 year-end result decreased by £3,344.

The increase results from the seasonal growth of work in pro- gress and the decrease from the overall reduction in work in pro- gress.

The directors find it difficult to estimate 1977-78 profits but say the year should produce an im- provement.

Halliday Simpson and Co. has agreed to underwrite the rights issue.

The directors intend to take up their entitlement to the new shares in full in respect of their *own beneficial shareholdings.* Other substantial shareholders have also irrevocably undertaken to take up their rights.

The total number of sharehold- ings (including directors) which are thus committed amounts to 10.45m. shares representing 34 per cent of the existing capital.

The Stock Exchange has admitted the 10.28m new shares to the Official List and dealings are expected to commence (nil paid) on June 27.

	Half year 1976-77 £	1975-76 £
Turnover	6,469,917	4,839,835
Profit before tax	357,721	153,191
Taxation	186,000	80,000
Net profit	171,721	73,191
Extraord. debits	—	18,294
Retained	171,721	54,897

Japanese agree on working party

Representatives of the Japanese Electronics Industries Association agreed in London yesterday to set up a working party with British manufacturers to assess the U.K. market for audio products.

This followed concern ex- pressed by the Radio Industries Council that the Japanese were increasing their share of the British audio market in contraven- tion of an undertaking they gave in November.

At talks in Tokyo, the Japanese agreed to a voluntary restriction of radio and television imports to the U.K. to about last year's level. But British manufacturers have been alarmed by the very steep increase in the number of colour television sets in the first quarter of 1977 and the apparently strong growth of the Japanese products in the audio market.

However, because of problems of definition in the audio field a clear comparison of figures is not easy. It is for this reason that both sides agreed yesterday to set up a working party to study the market for certain audio products, mainly music centres.

On the television front, the Japanese representatives assured the British manufacturers that they intended to abide by their earlier agreement. The recent increase of imports from Japan are explained by the need for restocking.

A joint statement issued after the meeting said: "It was agreed that despite the currently difficult market conditions there was no reason to be concerned about any possible disruption of the market."

British manufacturers are still very concerned about the level of imports from Japanese control- led companies located outside Japan, particularly in Singapore and Korea.

However, imports from these countries are not covered by the November agreement, and any proposals for import restrictions would have to be argued with the Department of Trade for indivi- dual countries. At present a quota for imports of monochrome tele- visions from Taiwan is in force, but imports from other countries are not affected.

'No more political prisoners' in Chile

BUENOS AIRES, June 23.

CHILE HAS officially stated that the exchange on June 18 of Jorge Montes, the former Com- munist Senator, for 11 prisoners in East Germany, there are no more political prisoners in Chile.

Apparently in response to the petitions of the relatives of 501 persons who allegedly disap- peared after being arrested in the September, 1973 coup, the Government communique says that there were some deaths in clashes between left-wingers and the security forces and that others left Chile illegally on falsified documents. The peti- tions of the relatives of the 501 "missing" have been presented to the courts.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

WEST GERMAN COMPANIES

Didier Werke hit by steel downturn

BY GUY HAWTIN

FRANKFURT, June 23.

DIDIER WERKE, the leading West German manufacturer of refactory and fire-proofing products, is expecting the parent concern's turnover to fall back by between 8 and 10 per cent. this year. Already in 1976 the parent's sales showed a slight fall off, although group and world turnover continued upwards.

The prediction is the result of "careful forecasts" by the group's management and reflects the continued recession in the steel industry—a major customer for Didier's products.

Turnover of Didier Werke AG, the parent, last year slid back from 1975's DM605m.—virtually unchanged from the previous year's figure—to DM598m. Consolidated turnover, however, rose from DM800m. to DM853m., while world turnover rose by 4 per cent. to DM941m. (£232.3m.).

Last year things went very well in Didier's technology sector, but the refactory business which accounts for some 90 per cent. of the parent's turnover suffered from unsatisfactory utilisation of capacity. This was a direct result of the steel crisis.

Earnings at home, including those from companies in which the group has a substantial interest, fell back from DM12m. to DM10m. In contrast overseas subsidiaries—particularly in Spain and South Africa—performed well with profits up from 1975's DM6m. to DM9m. but this sort of improvement is not likely to be repeated.

Didier is recommending a dividend of 10 per cent., down from 1975's 12 per cent., but is supplementing this with a bonus of a further 3 per cent. No hard and fast dividend pronouncements for 1977 have been made but the concern believes that after allowing for the corporation tax reform, which allows West German shareholders to off-set tax on dividends against their income tax—the current year's payout will be at about the same level.

No joy so far at SEL

STANDARD ELEKTRIK Lorenz's new shareholders to-day had a chance to assess the group's progress this year at to-day's annual meeting. For them, however, the results are relatively academic for, irrespective of SEL's performance, they have been guaranteed a 21 per cent. dividend payout for the next eight years.

Last month E.L. placed a million shares through the West German stock exchanges at a price of DM200 per DM50 nominal share. This reduced the holding of International Telephone and Telegraph, the U.S. conglomerate, in the group from 99.44 per cent. to 86 per cent.

Performance in the first five months this year has been far from startling. Shareholders were told that SEL's group turnover had risen by 4.9 per cent. to DM941m. (£232.3m.), compared with last year's 7.5 per cent. sales growth.

Things went far better in the domestic market than abroad. Home turnover compared with the same period of 1976 went up by 13.7 per cent. to DM724m. while exports fell back by 16.5 *per cent. to DM217m. At the* same time, the inflow of orders shrank by 6.1 per cent. to DM965m., and the order book fell back 7.6 per cent. to DM1.24bn. (£306.2m.).

For the year as a whole, SELs management estimates that turnover will rise by an only slightly better 5.6 per cent. from last year's DM2.7bn. to DM2.85bn. Profits are not expected to be measurably above those of 1976, when a dividend of 16.6 per cent. was paid. ITT, in addition, received a DM.17.3 per cent. bonus against the previous year's DM6.6m.

Profits up at German IBM

THE WEST GERMAN subsidiary of International Business Machines saw sales and profits jump ahead in 1976 and says it is heading for another good year.

After a rise of only 4.6 per cent. in 1974, turnover increased by 18 per cent. last year to DM5.96bn. Of that total, DM4.29bn. came from the West German market and the rest from business with IBM concerns abroad.

Net profit is given as DM769m. again DM456m. in 1975, an increase which the company says is due in part to special factors including benefits arising under the government's special bonus programme to promote investment. A total of DM600m. is being paid as a dividend to the U.S. parent company.

Investment totalled DM882m. last year—most of it going to the data and text processing sectors. The order intake was described as good, thanks to the general upswing in the capital goods industry and to an extension of IBM's own product range.

The company adds it has no reason whatever to complain about the current order level, but declines details on grounds it does not want to reveal too much to its competitors.

Dortmunder Union sales and profits fall

DORTMUNDER UNION-Schultheiss Brauerei AG, Germany's largest brewery, reported a 1976 net profit of DM27m., down from DM33m. as sales slipped to DM1.122bn. from DM1.126bn., reports AP-DJ.

The company is recommending an unchanged dividend of DM10 per 50-mark nominal share. Higher beer prices leading to lower volume sales accounted for the decline, the annual report said.

About half of DUB-Schultheiss is owned by two banks—Bayerische Hypotheken und Wechsel Bank and the Dresdner Bank. The remaining 50 per cent. equity stake is widely held.

Building slump hits Philipp Holzmann

By Our Own Correspondent

FRANKFURT, June 23.

PHILIPP HOLZMANN, another of the large West German construction groups which has enjoyed considerable success abroad in recent years, remains seriously concerned about the home market. No early end to the long-running recession is foreseen and demand is expected to continue weak throughout 1977.

Admittedly business is booming overseas, but the Holzmann management is particularly concerned about seriously under-utilised capacity at home. The domestic order book, it said, represented only eight months work, partly owing to long completion dates.

Employment, however, is assured for four years, according to the Holzmann report on 1976 out to-day. This is virtually entirely due to the large cushion of foreign orders.

The dramatic change in the pattern of the group's business is illustrated by last year's figures. Construction output last year was worth some DM2.84bn. (£700.7m.), 22.6 per cent. up on 1975. The value of domestic output, however, fell 5.3 per cent. to DM1.65bn., while that of foreign work rose by 107.7 per cent. to DM1.19bn.

An even more dramatic example of what has been happening comes from the inflow of orders recorded last year. Domestic orders sank further from an already low DM1.67bn. in 1975 to DM1.57bn. *Overseas* bookings on the other hand more than doubled, rising from DM1.69bn. to DM3.49bn (£860.7m.).

The order book at the year's end stood at DM5.2bn., against the DM3bn. recorded at the same point of 1975. Domestic orders were 6.9 per cent. down at DM1.05bn., while foreign orders soared from DM1.82bn. to DM4.12bn.

Group external turnover totalled DM2bn., against DM1.8 bn. in 1975, while that of the parent concern rose from DM1.23 bn. to DM1.51bn. The parent's construction net profits rose from DM6.1m. to DM12.1m., and some DM6.1m. is to be allocated to reserves against nothing in 1975.

● THE DANGERS which may be involved in overseas construction ventures were underlined to-day when the Bremen-based building concern, Bremer Treuhand, announced that it will request the opening of liquidation proceedings.

The problems of the company, which has a basic capital of DM6m., arise mainly from certain *Algerian businesses which* it entered some two years ago. More than 5,000 dwellings were to be built at a fixed price of DM400m.

Since then costs have risen sharply and Bremer Treuhand has become heavily indebted in its efforts to fulfil the order. Negotiations to try to solve the problem with banks and others have ended in failure.

Five-year investment plan from Ferodo

BY DAVID CURRY

PARIS, J[une 23.]

FRANCE'S leading motor component supplier, Ferodo, has promised an exceptional investment effort this year and next as part of its five-year growth plan.

To help meet investments of about Frs.220m. in each of the two years, the company is raising Frs.117m. by an issue of more than 309,000 bonds carrying a 9.5 per cent. interest rate and convertible into shares from January next.

In addition to this new cash, the company says its own resources and an increased use of short-term loans will be devoted to investments, which for more than two years have been financed out of cash-flow.

The five-year plan calls for *modernisation of the company's* equipment: expansion of its friction gear output; broadening the range of its motor components and other component products; accelerating its overseas establishment; and contributing to the growth of its subsidiaries in France.

This plan is important because Ferodo is a key company in the attempt to consolidate into larger units the rather fragmented motor components industry. Consolidated turnover is more than Frs.2.6bn., of which about 18 per cent. is from exports.

The group comprises some 27 subsidiaries and participations in France, Spain, Italy, Germany, Belgium and Brazil.

Just under a third of its sales come from electrical components like headlights, windscreen washers and alternators, while clutch equipment accounts for another quarter. The remainder comes from friction gear mainly *connected with brakes, and* items like car radiators, air conditioners and seat belts.

The company is also a partner with Poclain in a hydraulics component company.

Ferodo's close liaison with the motor industry ensured [a] year in 1976, despite [rela]tively poor showing of [activi]ties depending on capi[tal invest]ment, building and pu[blic works] industries. Cashflow re[presented ...] per cent. of turnover. [The] company earned Frs[...] share.

Although the motor [industry] is unlikely to repeat [last year's] record sales—the car m[arket has] turned down since la[st ...] and the commercia[l vehicle] sector has been in the [doldrums] for nearly a year—[Ferodo is] forecasting a 4 per ce[nt] increase in its trade [with the] motor industry, than[ks to the] broadening of its prod[uct range] and the mounting of [equip]ment on an increased [number of] vehicles.

It expects other [activities] roughly to hold their [own. First] quarter parent comp[any sales] over reached Frs.439[m., which] was 14.5 per cent. [up on the] same period of last y[ear.]

Belgian chemical industry position abroad threatened

BY DAVID BUCHAN

BRUSSELS, [June 23.]

THE BELGIAN chemical industry is in serious danger of losing its competitive position abroad because of high wages and tighter price control at home. This is the message that the Federation des Industries de Belgique has been putting to the new Tindemans Government, and the organisation which groups 704 companies of which about 30 per cent. are Belgian subsidiaries of foreign companies, has sent Ministers a "livre blanc" detailing its complaints.

Outwardly the position is rosy. Last year foreign investment in the chemical sector more than doubled to provide 70 per cent. of the total B.Frs.10.5bn. that foreign companies put into Belgium. Its contribution to Belgium's balance of payments last year was B.Frs.37bn. (£597m.), net of imported chemicals and raw materials.

But the Federation argues that this picture is deceptive and does not reflect present conditions. Its basic theme is that the Belgian industry, operating from such a small home base and exporting such a large proportion of production (about 90 per cent.) needs to be put on an equal, if not better, footing than its foreign competitors. Its chief complaint is high wage costs, which it puts at higher than in any of Belgium's EEC neighbours. Coupled with this, the Federation claims, are growing labour problems: last year 10 industrial disputes, affecting 17,500 employees in 43 plants, led to the loss of nearly a quarter of a million working days.

The Federation also joins the growing chorus of Belgian industrialists that would like to see the five per cent. VAT on investment goods permanently repealed: at the moment it is only waived for investment decisions made before the end of the year. Belgium, it points out, is the only EEC country to tax investments this way.

Despite the many other complaints that the Federation cites, including overstrict price control and inadequate Government support for product research, recent financial results from the main companies show that at least the sector is now better prepared, after the lean period of 1974-75, to face its problems. Solvay, the biggest of the Belgian chemical [companies,] quadrupled its net pro[fits ...] and its chairman, M[...] Solvay, recently expr[essed] satisfaction to shareho[lders that] sales volume had at la[st got] back to the 1973 leve[l. Solvay] is in fact stepping up [its invest]ment programme, thou[gh most of] this will be in the U.S[...] per cent. of Solvay's [...] now outside Belgi[um, and] foreign operations [in]creased sharply for oth[er] companies such as U[CB, which] turned a 1975 loss of [...] a 1976 profit of £3m. B[...] and UCB are partner[s] in various joint ventu[res].

These two results a[re] typical of the sector's [per]formance, and the G[overnment] may want some persu[asion that] harder times lie ahea[d for the] industry.

Thomson Brandt succ[ess]

PARIS, [June 23.]

THOMSON BRANDT SA has succeeded in its bid to raise its stake in STE Francaise des Telephones Ericsson, to around 38 per cent. from 16 per cent.

Holders of 502,704 French Ericsson shares have answered the Thomson Brandt offer of two shares in its subsidiary STE Le Materiel Telephonique (LMT) for every nine Ericss[on shares,] reports Reuter.

The offer was cond[itional on] acceptances being re[ceived for] at least 116,460 Ericss[on shares.] Thomson Brandt will take up 143,163 Ericss[on shares,] raising its stake in th[e company] to just over 38 per c[ent.]

Before the offer Te[...] LM Ericsson owned 5[...] of French Ericsson.

SEC plans active role in market

WASHINGTON, June 23.

THE U.S. Securities and Exchange Commission (SEC) said to-day that it is not satisfied with the progress made in creating a National (Stock) Market System and it is therefore prepared to take a more active role in organising the system, Reuter reports.

The SEC acknowledged that progress had been made in the elimination of barriers to competition in the U.S. securities industry. It added it is moving ahead with plans to remove off-board trading restrictions and has already set a tentative date of January 1, 1978, to end these restrictions.

The commission emphasised that there are still some issues to be resolved concerning the *Consolidated Transaction Reporting System*, which began operations on April 30, 1976. It said another year or more of study may be necessary to resolve all the issues over exactly what type of information should be reported by the system.

A key element of the National Market System is a Composite Quotation System, the SEC said. The agency stressed it would take action on its own if the securities industry does not develop an appropriate system.

Yen tranche added to Brazil deal

By Mary Campbell

THE EUROMARKET loan being arranged for the Brazilian Banco Nacional de Desenvolvimento marks a further move by Japanese banks into using the yen in international commercial transactions. The loan was originally billed as a $150m. financing in dollars and D-marks: it has now been decided (though approval by the Japanese authorities is still awaited) that a yen tranche worth about $40m. (Y.12bn.) will be added, with the total value of the loan being raised to $200m.

As with the loan for Siderbras which Japanese banks are negotiating as part of the $300m. which Japan has agreed to extend in economic co-operation to Brazil over three years, the yen tranche of the BNDE loan will carry a spread over the Japanese long-term prime rate and will be syndicated purely among Japanese banks.

The yen tranche of the BNDE loan will be in two parts.

Lehman's Italian plan detailed

BY MARY CAMPBELL

SOME details of the joint venture being established by Lehman Brothers, Banca Commerciale Italiana and Banca della Svizzera Italiana have now emerged. The services offered by the new institution, capitalised at $10m., will include syndication of international loans as well as those services more traditionally associated with U.S. securities houses, such as bond trading and underwriting.

Lehman Brothers is one of several U.S. investment banks making or planning a big push in international business at present. Morgan Stanley has just recently opened up an office in London and started Eurobond trading, while Merrill Lynch International has more than trebled its international lending capacity.

Lehman Brothers International will include 25 salesmen and dealers in the London office. One of the things which it will be doing is taking over open positions from the main operation in New York at the close of New York trading.

Lehman reckons that of these open positions of $900m.-$2½bn., perhaps half might be of interest to European investors.

Lehman says that it plans to make markets in its European operation, holding stock for its own account, not merely to trade.

When trading starts up in the autumn it thinks that it will hold $5m-$10m. worth of bonds with four or five of the dealers trading them. The exact range of bonds which it will trade will *depend on the specialisation of* the dealers it is currently in the process of recruiting, but U.S. dollar denominated straight bonds are likely to be the main holdings at first.

A large part of the trading operation will be concentrated on the short-term end of the business which is one of Lehman's *specialities in the U.S.*

The London operation also has a brief to seek for further European customers who might be interested in raising commercial paper in the U.S. Lehman is adviser to the British National Oil Corp. on its plans for such an issue.

EUROBONDS

Second quarter volume

BY FRANCIS GHILES

THE VOLUME of new issues launched in the second quarter of the current year has more than doubled compared to the first quarter according to Kredietbank Luxembourgeoise. A total of 175 public Eurobond issues for an amount equivalent to $8.18bn. was launched over the six month period.

The bank also said that 66.73 per cent. of all new issues launched in the first half of 1977 were denominated in dollars, 23.55 per cent. in Deutschemarks, 6.12 per cent. in Canadian dollars the remainder split up between the Unit of Account, the Kuwaiti Dinar, the Hong Kong dollar, the Yen and the Saudi riyal.

Equivalent percentages for the first six months of 1966 were: U.S. dollars 63.37 per cent, Deutschemarks 16.98 per cent, Canadian dollars 15.75 per cent. The increase in the volume of Deutschemark-labelled bonds is particularly noteworthy.

In the first six months of 1977 European borrowers accounted for 60.13 per cent. of the volume with Canada in second position with 13.93 per cent. and Japan with 6.4 per cent. Then came the U.S. with 4.55 per cent. Australia and New Zealand with 4.16 per cent.

Yesterday the market continued in buoyant form. This justified the changes brought to the Canadian Pacific bond which was increased in size to $40m., had its coupon cut to 8¼ per cent. and was priced at par and a half. However, there was some criticism in some sectors of the market about these changes.

The Pemex bond was increased to $75m. and priced at par. The coupon on Gist Brocades is now expected to be 8¾ per cent. and the last subscription day has been advanced to to-day: all points to heavy demand which is not at all surprising in view of the scarcity of Dutch paper available compared to Swedish or French paper.

The Italian state telephone company STET is to raise a $40m. six year bond through its Luxembourg subsidiary indicated coupon is 9½ per cent. Lead managers of the issue are Hill Samuel and Kredietbank Luxembourgeoise, and the loan is guaranteed by STET a member of the state owned IRI group. This is the group's third operation this year on the Euromarket and brings funds raised so far in 1977 to $85m.

Most of the new money coming into the market is going into new issues according to some dealers which may explain why the secondary market has remained steady in low turnover. Walter Kidde has been disappointing being quoted yesterday at 98¼ in the second day trading at 98¼.

U.K. names, particularly older issues seem to be doing well: Beecham's 8¾ per cent 1986 bond was being quoted yesterday at 99⅞-100⅜ no doubt due to the back up provided by the sinking fund while more recent issues such as Reed and Bowater were ⅛ to ¼ a point off their best.

In the Deutschemark sector the Province of Manitoba bond was priced at 99¾ and the coupon on the CEP bond has been cut to 6.5 per cent. The market has been a little bit off in the past few days partly because of next Monday's *meeting which will* decide the terms of issue of the next West German government bond. Some bankers believe the Bundesbank is thinking of shortening the maturities. However recently floated DM bonds are doing reasonably well in the secondary market.

Mitsubishi Corp has announced it will make a private placement of 15 year $40m. *Eurodollar con*vertible bond, due 1992. The bonds, convertible into common shares from August 1 this year will have a face value of $5,000 priced at par. Lead underwriters include Morgan Stanley International and Nikko Securities. Honda Motor Co has decided to issue 3.1m. American depositary receipts (ADR) each equalling ten shares of common *stocks, to raise about $75m. The* ADRs will be issued in the U.S. market through an underwriting syndicate led by Merrill Lynch, and Nomura Securities Int.

Coffee drag on profits at Gen. Foods

GENERAL FOODS Corporation *said* that recent changes in its U.S. coffee business might mean its earnings for the first quarter ending around June 30 would not exceed the $52.8m. of the same period last year, Reuter reports from New York.

Previously, the company had predicted higher earnings. General Foods' said inventory reductions by both the trade and consumers caused a drop in its *coffee business.*

Coffee consumption was down from a year ago, but not to the level reflected in the inventory adjustments.

Kowloon Motor profits

BY DANIEL NELSON

HONG KONG, June 23.

KOWLOON MOTOR *Bus* announced a post-tax profit of $HK44.56m. for the year ended February 14, up from $HK33.35m. A final of 18 cents (17) was announced, making a total of 28 cents (27), an increase of *29.6 per cent. when adjusted for* last year's one-for-four bonus issue.

The result represents a return to the upward profit graph which took the company from $HK11.91m. in 1972, $HK24.71m. in 1973 and $HK33.96m. in 1974.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9½pc 1989	[illegible]	[illegible]
Australia 8½pc 1992	[illegible]	[illegible]
Australia M. and S. 9½pc 1992	[illegible]	[illegible]
Bowater 9½pc 1992	[illegible]	[illegible]
Canad. N. Rwy 8½pc 1986	[illegible]	[illegible]
Credit National 8½pc 1986	[illegible]	[illegible]
Denmark 8½pc 1984	[illegible]	[illegible]
ECS 9pc 1993	[illegible]	[illegible]
EIB 9½pc 1992	[illegible]	[illegible]
EMI 9½pc 1989	[illegible]	[illegible]
Ericsson 8½pc 1989	[illegible]	[illegible]
Esso 8pc 1986 Nov.	[illegible]	[illegible]
Gt. Lakes Paper 8½pc 1984	[illegible]	[illegible]
Hamersley 9½pc 1992	[illegible]	[illegible]
ICI 8½pc 1987	[illegible]	[illegible]
ISE Canada 9½pc 1986	[illegible]	[illegible]
Macmillan Bloedel 9pc 1992	[illegible]	[illegible]
Massey Ferguson 9½pc 1991	[illegible]	[illegible]
Michelin 9½pc 1988	[illegible]	[illegible]
Midland Int. Fin. 8½pc 1986	[illegible]	[illegible]
Nat. Westminster 9pc 1986	[illegible]	[illegible]
Newfoundland 9pc 1989	[illegible]	[illegible]
Norges Komm. Bank 9½pc 1992	[illegible]	[illegible]
Norpipe 8½pc 1989	[illegible]	[illegible]
Norsk Hydro 9½pc 1992	[illegible]	[illegible]
Oslo 9pc 1988	[illegible]	[illegible]
Ports Autonomes 9pc 1991	[illegible]	[illegible]
Prov. Saskatch. 8½pc 1986	[illegible]	[illegible]
Quebec Hydro 9½pc 1986	[illegible]	[illegible]
Reed Intnl. 9pc 1987	[illegible]	[illegible]
Selection Trust 8½pc 1989	[illegible]	[illegible]
SKF 8pc 1987	[illegible]	[illegible]
Sweden (Kingdom) 8½pc 1987	[illegible]	[illegible]
United Biscuits 9pc 1989	[illegible]	[illegible]
Volvo 8pc 1987 March	[illegible]	[illegible]
NOTES		
Australia 8½pc 1982	[illegible]	[illegible]
Bell Canada 7½pc 1987	[illegible]	[illegible]
British Columbia Hydro 7½pc 1985	[illegible]	[illegible]
Can. Pac. 8½pc 1984	[illegible]	[illegible]
Dow Chemical 8pc 1986	[illegible]	[illegible]
ECS 7½pc 1982	[illegible]	[illegible]
EEC 7½pc 1982	[illegible]	[illegible]
EEC 7½pc 1984	[illegible]	[illegible]
Enso Gutzeit 8½pc 1984	98	98½
Gotaverken 8pc 1982	100½	101½
Kockums 8pc 1983	100¾	101½
Michelin 8½pc 1983	101¼	102
Montreal Urban 8½pc 1981	101½	102½
Nat. Coal Board 8½pc 1981	101¼	102½
New Bruns. Prov. 8½pc 83	100¾	103½
New Zealand 8pc 1982	[illegible]	[illegible]
Nordic Inv. Bk. 7½pc 1984	[illegible]	[illegible]
Norway 7½pc 1982	[illegible]	[illegible]
Ontario Hydro 8pc 1987	[illegible]	[illegible]
Singer 8½pc 1982	[illegible]	[illegible]
S. of Scot. Elec. 8½pc 1981	[illegible]	[illegible]
Sweden (Kingdom) 7½pc '82	[illegible]	[illegible]
Swedish State Co. 7½pc '82	[illegible]	[illegible]
Tenneco 7½pc 1987	[illegible]	[illegible]
Volkswagen 7½pc 1987	[illegible]	[illegible]
D. MARK BONDS		
Austria 6½pc 1989	[illegible]	[illegible]
BFCE 7pc 1987	[illegible]	[illegible]
Denmark 6½pc 1989	[illegible]	[illegible]
EIB 6½pc 1984	[illegible]	[illegible]
ICI 7½pc 1986	[illegible]	[illegible]
Kobe (City) 6½pc 1987	[illegible]	[illegible]
Norges Gas 7pc 1989	[illegible]	[illegible]
Norsk Hydro 6½pc 1989	[illegible]	[illegible]
Shell 6½pc 1989	[illegible]	[illegible]
Sweden 6½pc 1984	[illegible]	[illegible]
Voest 6½pc 1989	[illegible]	[illegible]
World Bank 6½pc 1987	[illegible]	[illegible]
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	[illegible]	[illegible]
BFCE 1984 6½pc	[illegible]	[illegible]
BNP 1983 6½pc	[illegible]	[illegible]
CCF 1983 7pc	[illegible]	[illegible]
CGMF 1984 6½pc	[illegible]	[illegible]
Creditanstalt 1981 7pc	[illegible]	[illegible]
Credit Lyonnais 1982 6½pc	[illegible]	[illegible]
DG Bank 1982 6½pc	[illegible]	[illegible]
GZB 1983 6½pc	[illegible]	[illegible]
Int. Westminster 1984 6pc	[illegible]	[illegible]
Lloyds 1983 7½pc	[illegible]	[illegible]
LTCB 1983 6½pc	[illegible]	[illegible]
Midland 1982 7pc	[illegible]	[illegible]
Midland 1987 6½pc	[illegible]	[illegible]
OKB 1983 6½pc	[illegible]	[illegible]
SNCF 1985 6½pc	98	99½
Stand. & Chart. 1984 6½pc	98½	98½
Wms. and Glyns 1984 6½pc	98½	100

Source: White Weld Securities.

CONVERTIBLES		
American Express 4½pc '87	90	92
Ashland 5pc 1988	[illegible]	[illegible]
Beatrice Foods 4½pc 1992	[illegible]	[illegible]
Beatrice Foods 4½pc 1992	[illegible]	[illegible]
Borden 5pc 1992	[illegible]	[illegible]
Broadway Hale 4½pc 1987	[illegible]	[illegible]
Canon Camera 7pc 1990	[illegible]	[illegible]
Carnation 4pc 1987	[illegible]	[illegible]
Chevron 5pc 1988	[illegible]	[illegible]
Dart 4½pc 1987	[illegible]	[illegible]
Eastman Kodak 4½pc 1988	[illegible]	[illegible]
Economic Labs. 4½pc 1987	[illegible]	[illegible]
Fed. Dept. Stores 4½pc '85	[illegible]	[illegible]
Firestone 5pc 1988	[illegible]	[illegible]
Ford 5pc 1988	[illegible]	[illegible]
Ford 6pc 1986	[illegible]	[illegible]
General Electric 4½pc 1987	[illegible]	[illegible]
Gillette 4½pc 1987	[illegible]	[illegible]
Gould 5pc 1987	[illegible]	[illegible]
Gulf and Western 5pc 1988	[illegible]	[illegible]
Harris 5pc 1992	[illegible]	[illegible]
Honeywell 6pc 1986	[illegible]	[illegible]
ITT 4½pc 1987	[illegible]	[illegible]
Komatsu 7½pc 1990	[illegible]	[illegible]
J. Ray McDermott 4½pc '87	[illegible]	[illegible]
Mitsubishi Elec. 7½pc 1991	[illegible]	[illegible]
Mitsui 7½pc 1990	[illegible]	[illegible]
J. P. Morgan 4½pc 1987	[illegible]	[illegible]
Nabisco 5½pc 1988	[illegible]	[illegible]
Owens Illinois 4½pc 1987	[illegible]	[illegible]
J. C. Penney 4½pc 1987	[illegible]	[illegible]
Pioneer 8pc 1988	[illegible]	[illegible]
Revlon 4½pc 1987	[illegible]	[illegible]
Reynolds Metals 5pc 1988	[illegible]	[illegible]
Sperry Rand 4½pc 1987	[illegible]	[illegible]
Squibb 4½pc 1987	[illegible]	[illegible]
Texaco 4½pc 1988	[illegible]	[illegible]
Toshiba 6½pc 1992	[illegible]	[illegible]
Union Carbide 4½pc 1982	[illegible]	[illegible]
Warner Lambert 4½pc 1987	[illegible]	[illegible]
Warner Lambert 4½pc 1988	[illegible]	[illegible]
Xerox 5pc 1988	[illegible]	[illegible]

Source: Kidder, Peabody Securities.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

No earnings growth for Huletts

BY RICHARD ROLFE

JOHANNESBURG, June 23.

[H]ULETTS CORPORATION, the [bi]ggest sugar producer in South [Af]rica, with interest in alu[m]inium, timber and paper, as [we]ll as in Rhodesian sugar, [fo]recasts no growth in earnings [in] the year to March 31, next, [an]d says that "everything [po]ssible" will be done to main[tain] the annual dividend at 31c [for] the period. Earnings were [do]wn from 51c to 46c last year [an]d the dividend was cut 2c to [th]e current level.

Cane production is expected to [fa]ll slightly, but sugar produc[ti]on will be maintained at last [ye]ar's 740,000 tons, or about 34 [pe]r cent. of the projected South [Af]rican crop. But the Board [w]arns that profitability is not ex[p]ected to increase, "as the [G]overnment has not relieved us [of] the requirement to absorb 20 [pe]r cent. of increased costs." [A]mong projects under review [ar]e a sugar mill in the Transkei [an]d relocation of the group's [D]alixton mill into the Kwa-Zulu [ho]meland area.

The divisional breakdown of profits shows that sugar and agriculture accounted for 58 per cent. of net profit of R15.1m., with aluminium, through the 61 per cent. owned Huletts Aluminium, formerly Alcan South Africa, at 22 per cent., and net income from foreign subsidiaries, mainly the Rhodesian sugar, at 20 per cent. There were losses on the transport and property divisions.

As indicated in the preliminary report, the group is adopting a more conservative accounting method for its foreign subsidiaries, treating them as investments instead of consolidating them. Huletts has also gained exemption from reviewing its Rhodesian interests, on the grounds that "it is not in our shareholders' or the foreign subsidiaries' own interests to give details." Hence the word Rhodesia is virtually abolished from the latest report, and the Board says: "We believe that by excluding unremitted income from foreign subsidiaries, a large degree of uncertainty will be removed with regard to the Huletts group's financial position."

A combination of this strategy and the higher than expected annual dividend have pushed the shares 25 cents better in Johannesburg to 205 cents since the preliminary statement. At this level, the yield is still 15.1 per cent. against the sector average of 6.2 per cent. In addition, net worth as revealed in the accounts is 520 cents, which puts the shares at a 60 per cent. discount. Whether the shares progress further depends on the market's willingness to re-rate them, despite the unencouraging outlook for the current year.

Tongaat Group, which holds a beneficial interest of 24.5 per cent. in Huletts, and derives about 25 per cent. of its R10.2m. net profit from Hulett's dividends, expects continued earnings growth in the current year, with a projection for a marginal increase on last year's 62 cents, out of which 24 cents was paid. Like Hulett's Tongaat has diversified, but into brick manufacture, Textiles (via David Whitehead) and foods and feeds. The sugar side is not expected to show any growth this year, and with the brick-making depressed, the textiles side, which is a recovery situation, seems to be the main hope.

The current year forecasts now in from Huletts, Tongaat and C. G. Smith Sugar make it clear that the latter will account for most of the increase in the South African sugar crop to 2.2m. tons this year and explain its relative strength in the share market recently. But it is clear that with a low world price and with the domestic price not covering production costs, the industry will have to draw down the bulk of what is left in its price stabilisation fund, now R31m., to maintain current profitability. Hence all the chairmen stress the continued need for a rethink on official sugar pricing policy allowing full recovery of costs plus a realistic return on capital, a problem which has plagued the industry for some years.

S. African groups in electronics merger

By Our Own Correspondent

JOHANNESBURG, June 23.

STANDARD TELEPHONE and Cables (STC) of South Africa is to merge with a local group, Allied Technologies, in a deal which will form a South African-controlled electronics and electrical combine with sales of about R46m. and distributable profits of R3m.

The deal follows STC's earlier flirtation with Abercom, the industrial concern now enmeshed in a bid for Protea Holdings, and appears to reflect a wish on STC's part to become a minority shareholder in a locally-controlled corporation.

STC spokesmen stressed yesterday that the investment in Allied Technologies should be regarded as permanent, and rejected any suggestion that it was a step towards withdrawal from the Republic.

Allied Technologies has been listed in Johannesburg for two years and its chairman, Mr. Bill Venter, is a former employee of STC. He will retain about 45 per cent. of the combined group after the merger. The company at present has 1.7m. shares in issue.

It is to issue a further 3.1m. Ordinary and 3.4m. 11 per cent. Preference shares to STC and 4.8m. Ordinary shares to Allied Electric (Pty), Mr. Venter's private company which at present holds 64 per cent. of Allied Technologies, in a complex series of transactions structured by Barclays National merchant bank.

The upshot is that STC will own 36 per cent. of the new group, with the present outside shareholders holding about 19 per cent. The Allied group will nominate six directors to the Board, and STC four directors.

The new group will be the biggest locally-controlled manufacturers and distributors of electronics components such as semi-conductors, capacitors and integrated circuits and will be well placed in this fast-growing industry, which is expected to show annual volume growth of about the 20 per cent. mark.

LIQUEFIED NATURAL GAS

Algerian financing needs

BY FRANCIS GHILES

AFTER A PAUSE of more than one year since its last large Euromarket borrowing Algeria is returning for two financings. The country has never been far from bankers' minds but the next few weeks could prove crucial for Algeria's economic *future which will more and more* depend on its exports of liquefied natural gas (lng).

The reasons are twofold. Algeria's state oil and gas corporation Sonatrach is expected in the market soon to try to raise some of the $650m. odd it needs to finance the cost overrun of the project known as LNG1, which is running 18 months late but nearing completion now.

Meanwhile the Federal Power Commission (FPC) in Washington is holding a second hearing of Trunkline Gas Company's application for approval to import over a 20 year period 168,400 cubic feet of lng to the U.S. under another project in Algeria known as LNG2.

Algeria has not had things all its own way in the Euromarket since last summer. A loan for the state shipping company CNAN for example, is only now coming to fruition after many months of negotiations: with Citicorp as lead manager it is expected to go into general syndication next week.

The proceeds of this loan are earmarked for the down-payment for some tankers which CNAN would like to order to add to its existing fleet. Some banks have been reluctant to participate as they feel Algeria should concentrate on completing LNG1 and not diversify scarce foreign borrowing capacity into more ships. At least four ships, some belonging to CNAN, others to El Paso Natural Gas Company are presently in mothballs because of the delays at LNG1.

Meanwhile Sonatrach will be in London next week looking for a loan to help meet the extra cost incurred at LNG1. Those banks which are not too happy about the CNAN loan are much more willing to participate in this one.

Finishing LNG1 is an absolute priority. They have a lot of Algerian paper on their books and the project was very ambitious and some overruns were to be expected. They do not intend to abandon the country at this crucial stage. Though there might be some argument about the spread over LIBOR since many bankers feel that the 1¾ per cent. Algeria is willing to pay is too low, this will not prejudice the main point.

In the longer term, the outcome of the second hearing of the Trunkline application in Washington could be even more crucial. Some years ago, the FPC gave unconditional approval to the contract El Paso had signed with Sonatrach to import gas from LNG1. But last April it approved the Trunkline contract only on conditions which, if maintained in the second judgment, could lead to the cancellation of the string of contracts signed in the past year or so between a number of U.S. gas companies and Sonatrach.

The FPC ruled first that the clause in the contract allowing for the automatic escalation in the fob price of gas every six months was unacceptable and second it rejected the principle of averaging the price of the more expensive Algerian gas and its cheaper U.S. domestic supplies.

Certain technical factors have also made it difficult for banks to lend to Algeria recently, though they are of less immediate importance than the FPC approval of the Trunkline contract and the question of expenditure priorities. Many banks have long been very close to their ceilings on loans to Algeria; this problem has been exacerbated recently by the fact that banks have repeatedly been called upon by their customers to give commitments for trade finance which may not be called upon.

Algeria insists that international companies tendering find the finance before they submit an estimate: the companies turn to their respective banks who freeze lines of credit which may or may not be used depending on the outcome of the tender. That may take months.

Meanwhile the market "seizes up," in the words of one banker, on Algeria.

The Algerian authorities are aware of the problem but see it in a wider context: they rely on loans in the form of export credit to ensure most of the finance they need, indirectly forcing the companies working in Algeria to put pressure on their respective governments to keep such lines of credit open. The technique has not worked badly and there is still such type of credit to be had in Japan, West Germany and France.

The French export credit bank COFACE, which has an estimated $3bn.-worth of Algerian debt on its book, recently increased its ceiling on Algeria which is refusing to use it because of its continuing dispute with France over the size of its trade deficit.

Banks also face the problem of relative lack of information on Algeria. The Algerian authorities have made a considerable effort but more data is needed considering the enormous number of projects involved. It is furthermore difficult for bankers to accept the current secrecy. Lack of skilled personel has been a factor here which only time can fully remedy.

On the positive side, even those outsiders who are pessimistic about Algeria's prospects appreciate the strengths derived from the heavy commitments already made by companies contracted to buy Algerian gas. Having gone so far they cannot withdraw and the U.S. long-term need for Algerian gas will be an enduring factor, all the more as for the foreseeable future that country's gas will be competitive with Alaskan gas. The forecast shortage of energy overall in the West suggests that Algeria and the gas companies are mutually dependent.

Algeria's State oil and gas corporation is expected in the market soon to try to raise some of the $650m. it needs to finance the cost overrun of the project known as LNG which is running some 18 months late but nearing completion.

Finn liquor monopoly lifts sales

By Lance Keyworth

HELSINKI, June 23.

[O]Y ALKO AB, the State alcohol [m]onopoly of Finland, has pub[li]shed its usual "depressing" [a]nnual report for fiscal 1976. [D]epressing for Alko, that is, [si]nce any ordinary company [w]ould be extremely pleased with [s]uch sales and profit in a year [o]f economic depression.

But, the big catch is that Alko [i]s statutorily dedicated to con[ta]ining, if not actually reducing, [th]e consumption of alcohol in [th]e country and it has not had [th]at much success.

Consumption in 1976 remained [at] roughly the level of the two [p]revious years, but as prices [w]ere raised by an average of [1]1 per cent. during the 12 [m]onths sales income, profit and, [es]pecially important, the State's [sli]ce of the cake all increased.

The Finns spent on alcohol [a]n average of FMKs.951 (about [£1]48 at the December, 1976 ex[ch]ange rate) per head in 1976, [w]hich is an estimated 7.3 per [ce]nt. of total private consump[ti]on expenditure. The result [w]as a sales income for Alko of [F]MKs.3bn., an increase of 11.5 [pe]r cent. on 1975.

The State's revenue from [al]cohol increased by the same [pe]rcentage to FMKs.2.5bn. [(a]bout £390m.). Alko's declared [p]rofit for fiscal 1976 was [F]MKs.461.1m., versus FMKs. [4]33.9m. in 1975.

SCANDINAVIAN COMPANIES

Swedish textile merger

BY WILLIAM DULLFORCE

STOCKHOLM, June 23.

TWO SWEDISH textile companies, Almedahl-Dalsjöfors and Boraas Invest, are planning to merge following the announcement of a three-year Government support programme for the restructuring of the Swedish cotton textile industry.

The merger would produce a concern with a combined turnover of about Kr.800m. (£106m.) and more than 4,000 employees. Under the Government plan, which aims at preserving a minimum domestic production for strategic reasons, the new concern would receive a so-called restructuring loan of Kr.25m.

Under pressure from foreign imports both companies have earlier sold out part of their textile operations and developed investment company operations. Almedahl has gone further in this direction than Boraas but under the Government plan *Boraas' plant at Skene would be* one of the two spinneries on which the Swedish industry would be concentrated in future.

Cardo reports earnings gain

CARDO, the Swedish investment company which owns the Swedish Sugar Company, shows an earnings growth of Kr.4m. to Kr.123.7m. (£16.4m.) in preliminary unaudited figures for the financial year ending April 30, reports our Nordic Correspondent. Turnover grew by 5.6 per cent. to Kr. 1.1bn. (£146m.).

The Board recommends a Kr.1 increase in dividend to Kr.12 a share together with a stock dividend of one-for-five, raising the share capital by Kr.40.5m. to Kr.243m. The increase will be covered by writing up the book value of the shares in the sugar company and the Hilleshög Seed Company by Kr.36.25m. and by transferring Kr.4.25m. from disposible profits.

The bonus issue is to be accompanied by a stock split, reducing the nominal value from Kr.100 to Kr.50, so that shareholders will receive 12 shares of nominal Kr.50 for every five shares of nominal Kr.100 currently held.

Cardo had a dividend income of Kr.29.1m. in 1976-77 compared with Kr.25.9m. in the previous year and net interest earnings of Kr.8.3m. against Kr.4.3m. During the year it bought shares for Kr.35.9m. (Kr.47.3m.) and sold shares for Kr.13.6m. (Kr.44.1m.).

The value of the share portfolio at the end of April was Kr.298m. against Kr.309m. a year earlier, showing after adjustments for net changes a drop of 10 per cent. compared with the 12.5 per cent. fall in the Affärsvärlden general index.

Operating profit for the sugar company improved, while earnings on the Hilleshög Seed Company, which has a subsidiary in *Holland and a minority holding* in the Miln Marsters group in the U.K., declined owing to increased expenditure on research and development.

Aral sees thinner time

ARAL, the West German oil company, is looking forward to a thinner time in 1977. After a substantial improvement in 1976's earnings, the opening months of the current year have seen an increase in the oil price and a commensurate fall in profits.

Last year, according to a report on 1976, profits rose from the previous year's DM19.3m. to *DM28.4m. Turnover rose by 10* per cent. to DM9.9bn. (£2.44bn.) of which more than DM4.4bn. was accounted for by federal oil tax.

Total oil throughput went up by 2.7 per cent. to 9.7m. tonnes, and volume sales of petrol rose by 4.4 per cent. to 5.4m. tonnes, rather above the average market growth rate of 4.2 per cent. Diesel oil sales rose by 5.5 per cent. to 1.8m. tonnes, compared with an average growth of 5.4 per cent. for the market as a whole.

BOND DRAWING

AUTOSTRADE 5½ per cent. Guaranteed Bonds 1972/78

S. G. Warburg & Co. Ltd., announce that Bonds for the amount of U.S. $2,130,000 have been drawn in the presence of a Notary Public for the redemption instalment due 15th July, 1977. The numbers of the Bonds drawn are as follows:—

4	7	14	17	22	28	31	35	39	44
43	52	55	63	69	71	75	80	84	87
91	97	100	105	107	126	128	134	137	159
161	166	182	185	190	192	197	208	212	217
222	307	310	315	319	323	329	332	337	342
347	352	356	359	364	367	378	383	386	390
408	413	418	421	427	430	634	639	643	647
652	655	660	667	670	675	677	684	688	692
696	821	824	829	834	839	844	892	894	903
908	911	919	923	928	933	939	985	989	997
996	1002	1005	1010	1012	1018	1023	1027	1032	1038

13453	13457	13463	13466	13470	13474	13479	13485	13489	13493
13499	13501	13506	13511	13515	13519	13523	13527	13532	13538
13542	13547	13549	13555	13559	13562	13567	13572	13576	13580

26098	26103	26106	26111	26115	26120	26124	26129	26132	[illegible]
26142	26145	26152	26156	26159	26163	26169	26173	26178	[illegible]
26186	26190	26194	26197	26205	26208	26213	26216	26222	[illegible]

continued on following page

AUTOSTRADE 5½ per cent. Guaranteed Bonds 1972/78

continued from previous page

59510	59515	59520	59525	59529	59532	59537	59543	59546	59551
59557	59559	59564	59568	59572	59578	59580	59585	59588	59595
59600	59605	59609	59613	59617	59621	59626	59628	59634	59637
59642	59649	59653	59657	59661	59664	59670	59674	59678	59681
59686	59691	59697	59700	59706	59711	59713	59717	59721	59726
59730	59734	59739	59745	59749	59754	59758	59762	59766	59770
59775	59781	59783	59788	59791	59797	59802	59807	59809	59816
59819	59824	59828	59831	59836	59840	59844	59849	59856	59860
59863	59867	59873	59877	59881	59884	59887	59893	59898	59901
59924	59965	59969	59973	59978	59981	59987	59990	59995	59999

On 15th July, 1977, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. Warburg & Co. Ltd., 30, Gresham Street, London, EC2P 2EB

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 15th July, 1977. Bonds so presented for payment must have attached all coupons maturing subsequently to that date.

U.S. $2,310,000 will remain outstanding after 15th July, 1977.

The following bonds drawn for redemption on the dates below have not been presented for payment:—

15th July, 1972

14439 15436 30793 35275 36287 42130

15th July, 1973

04302	05356	05463	14449	15428	33509	34260	34279	34297	35503
36266	36284	39444	39860	46474	47731	53340			

15th July, 1974

01348	01814	01920	02212	05344	05352	05462	05471	05500	12890
14437	14446	14557	14956	15425	15434	25790	27652	34255	34264
34273	34282	34289	34298	35068	35500	35620	36256	36263	36272
36280	36727	36802	40766	41131	41879	44469	46187	46545	46968
46977	47219	47720	47728	47748	47917	47981	53344	53352	

15th July, 1975

00907	01086	01416	01815	01866	01919	01930	04276	04303	05348
05351	05359	05461	05469	05476	06824	09343	11984	12889	14432
14438	14445	15422	15430	15437	27655	29316	29345	30791	33314
33372	33501	34259	34266	34272	34280	34286	34293	34301	35089
35619	35703	35739	36253	36259	36267	36274	36279	36288	37423
37945	37953	39825	40629	41121	41128	41378	42131	46116	46182
46548	46969	46975	47006	47078	47085	47379	47462	47469	47721
47727	47734	47914	47925	50796	54558	57862			

15th July, 1976

00194	00199	00311	00325	00906	00920	00928	01020	01083	01089
01263	01269	01349	01449	01816	01842	01856	01861	01867	01871
02188	02211	02217	03035	03314	03320	03325	03331	03334	03341
03346	03352	03356	03363	03367	03373	03377	03436	04130	04280
04287	04402	04409	04412	05300	05307	05311	05317	05343	05349
05354	05360	05464	05468	05473	05486	05495	05499	05506	05904
05909	06246	06282	08261	08264	08270	10436	10461	10468	10471
11698	11708	11760	11981	12848	14164	14434	14441	14444	14860
14954	15337	15343	15347	15421	15426	15432	15438	15562	15567
15572	15577	15582	15677	15750	15756	15910	18005	18009	18939
18944	18949	19018	20104	20131	20135	20142	20146	21405	21410
21703	22054	22845	23867	24066	24422	24753	24757	25505	25789
25880	26474	26478	27651	28464	28471	28667	28671	28677	28681
29321	29327	29331	29339	29342	29348	29353	29359	29390	29400
29614	30625	30630	30709	30792	30796	30803	30808	30813	30817
30823	31063	31096	32390	32659	32815	32838	32842	32847	32852
33500	33505	33593	33597	33603	33610	33810	33827	33833	33839
33843	33993	34077	34080	34261	34265	34270	34276	34283	34287
34292	34296	34303	34308	34318	34326	34346	34352	34355	34362
34368	35070	35501	35534	35558	35566	35646	35705	35740	35854
36058	36073	36099	36167	36173	36178	36184	36188	36249	36252
36258	36264	36269	36275	36278	36285	36307	36394	36400	36553
36570	36574	36601	36606	36729	36766	36848	36856	36863	36867
36872	36879	36885	36890	36957	37001	37004	39432	39436	39827
39840	39844	39859	39872	40628	41118	41125	41129	41377	41891
41982	42124	43411	43416	43723	44455	44471	44686	44754	45165
45202	45207	46105	46108	46127	46131	46184	46286	46290	46296
46410	46416	46422	46428	46432	46438	46442	46448	46454	46464
46469	46475	46480	46550	46556	46560	46965	46970	46976	46980
47001	47005	47026	47031	47038	47041	47048	47076	47088	47218
47224	47369	47374	47380	47383	47466	47498	47697	47719	47724
47730	47861	47871	47879	47884	47906	47918	47926	47954	47958
47979	47986	50063	50512	50518	50523	53343	53349	55237	55241
55394	57278	57391	57405	57411	58052	58056	58679	58704	58769
58774									

30 Gresham Street, London, EC2P 2EB. 24th June, 1977

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LEGAL NOTICES

No. 001227 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FINDALE PRIVATE & COMMERCIAL INVESTIGATIONS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 6th day of April 1977, presented to the said Court by HOUSEMAN HEGRO LIMITED whose registered office is situate at The Priory, Burnham, Slough, Berkshire, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 11th day of July 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

KIDD RAPINET BADGE & CO.,
35, Windsor Road,
Slough, Berkshire, SL1 2EB.
Ref: AJ. Tel: 75 22341.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 8th day of July 1977.

No. 001987 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of A. C. WHYTE (CROYDON) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of June 1977, presented to the said Court by MAGNET JOINERY LIMITED whose registered office is situate at 128, Queen Victoria Street, London EC4P 4JX, Prepared joinery manufacturers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 18th day of July 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HERBERT OPPENHEIMER,
NATHAN & VANDYK,
20, Copthall Avenue,
London Wall, London, E.C.2.
Ref: TI/BE.SRO. 4444.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 15th day of July 1977.

The Property Market

BY QUENTIN GUIRDHAM

Message of the Grendon disposals

"In no single case would I rather have the building still than the cash we've brought in," says Jonathan Harris of the property portfolio of Grendon Trust which has been selling off since the group broke down in mid-1974, a bare eight months after the Christopher Selmes interests had spent £22m. acquiring control. At the point that Harris came in as a director under David Donne, also a colleague of his at Property Growth Assurance, the Grendon property portfolio looked to be worth £24m. (though to justify the Selmes bid approaching twice that had to be reckoned on).

By the year-end last September (the accounts were published this week) the figure was down to £6½m. and since then further sales take the remaining properties down to £2m. Grendon's borrowings have been reduced at the same dates from £22m. to £12m. and now to £6m., with its other remaining asset being the Monotype Corporation.

So a balancing act seems to have been successfully worked by the rescue board, and, if Monotype can prove itself profitable, then it ought to survive the shocks of being taken over first by the old Grendon Board and soon after seeing control of that pass to Selmes. But Harris's remark on preferring cash to property investments, even though the market has improved significantly during the three years he has been involved, neatly illustrates a liquidator's problems.

Grendon, when the crunch came, fell into the hands of Keyser Ullmann, which had lent the Selmes interests £17m. for the purchases (the rest coming from Dowgate and General). Keyser Ullmann in turn came under the guidance of Barclays. The influence of Monotype, and other trading subsidiaries now sold off militated against straight liquidation. But in terms of the property side, the exercise has been very similar to a liquidation, though with perhaps a greater sense of urgency than has surrounded other property sell-offs where the temptation has always been to wait and hope for further market improvement.

Grendon also had a little more freedom to spend limited sums improving the portfolio to make it sellable than is allowed the average liquidator. But Harris's message is that whatever improvement might have been won by waiting for the market to improve over the past year or so has not been equal to money costs over the period.

Not all the Grendon portfolio was the rubbish it has since been dismissed as (remember that MEPC was quite seriously interested in bidding at a price around 300p a share). Among key sales have been that of the large industrial estate at Eastleigh near Southampton bought for £700,000 in 1972, refurbished, let and sold for around £1½m. by the rescue board to Electricity Supply Nominees. The yield, Harris says, was around 11¼ per cent., where it might be 10 per cent. now.

Dutch and French interests had to be unscrambled, a muddled half freehold, half leasehold scheme in Southwark was cleaned up to release £2m., and the several industrial schemes sold included the converted factory building in Farringdon Road, London, disposed of to a music publisher. But the biggest headache, which has been cleared since the year end, was probably the leasehold Evelyn House and Dunbarton House block in Oxford Street.

This looked to be worth around £1½m., but Grendon had raised in total a £4m. mortgage on it from Welfare Assurance, and ownership of the subsidiary company, Crenelle Investments, was only 75 per cent. The other quarter belonged to First National Finance, which had a put option on its interest and exercised that for a painful £1m. at the end of 1974. In trying to extricate itself from a likely £2½m. loss, Grendon had to go to around £¾m. to buy out the family trust freeholders, but was then able to pass the buildings, with shops let to Dunn and Salisbury Handbags and a warren of offices above, back to the holder of the mortgage. This exercise, on which the new Grendon Board had been working since 1974, actually produces a £1m.-plus surplus on the written-down value of the blocks. But then at the height of the boom, with some development hope in the site, Grendon is said to have turned down an offer worth over twice the mortgage.

What's left of the Grendon portfolio now, the residual £2m. worth, is admitted to be rather harder to shift. It includes the Burnham River Company, purchased for £¼m., now perhaps worth a tenth of that, but the purchase appears to have been motivated by the marina boom. No marina ever got built however, and while Grendon now owns some moorings and the rights on a little oyster farming, Burnham's assets are really about 25,000 acres, unfortunately under water. All offers are welcome.

So what prospects are there for Monotype, granted that Burnham and some of the more likely remaining property assets of Grendon should be realised over the next year or so? At that point, the intention is to get Monotype its separate quotation back, something it lost soon after it had, fleeing from the asset strippers, raised £4½m. by selling its Fetter Lane, London office building, only to be taken over anyway, thus presenting Grendon with the cash with none of the bother.

Grendon's balance-sheet shows its ownership of Monotype is worth £7.56m. What the company's market worth amounts to is anyone's guess, given a very high product reputation but low recent profitability (1975 showed a loss of £1.8m. and last year just under £¾m.). In the last year alone it has launched 15 new products, but what does one make of stated net assets of £8m. when stocks and debtors at £12m. are almost equal to annual turnover? There are, perhaps to everyone's relief, no "hidden" property plums to be picked, with land and buildings at £2.9m. and all planning avenues explored but found wanting on the 100-plus acres round the Redhill factory.

Keyser Ullman, which must resign all hopes for the Grendon Ordinary equity it has charges on, should get back its secured loans to Grendon, but after that it depends on Monotype's worth who gets what. At a rough calculation with Monotype worth £2.9m. the loan stock holders should start getting, by 1981, the subordinated unsecured loan stock for which they took the Grendon Board to the brink last year. Paying off that will cost £1.3m., so that at a worth of around £4.2m. Keyser Ullmann would see something for the £4.5m. worth of Preference shares it has subscribed for in pumping in further cash to keep the business going. What security the bank got back from the original £17m. loan to the Selmes interests was apparently minimal, but there will be more on this subject, presumably, when the Department of Trade inspectors complete their report. They are still taking evidence.

OUT AND ABOUT

● Is the British Property Federation about to get a chance to influence friends at court over the problems of depreciation of buildings under current cost accounting? Douglas Morpeth, one of CCA's best-known exponents was appointed to the Board of Brixton Estates on Wednesday.

New Brixton's managing director, Harry Axton, is a member of the General Council of the BPF and on the Commercial Property Committee where a working party has been set up to publicise the BPF's strong objections to the notion that buildings ought to be depreciated.

There is, however, a much closer connection between Brixton and Morpeth, since he is also deputy chairman of the Clerical, Medical and General Life Society. CMG has a 23 per cent. stake in Brixton.

● The Hunting Gate Group of Hitchin, Herts, has formed a joint American subsidiary, Hunting Gate (U.S.) Century Property Group, operating as a subsidiary of Fox and Carskadon, whose investments in six western states of the U.S. are valued at around $300m. The idea is to undertake developments and to offer a vehicle to U.K. and European institutions wanting to get into the U.S. investment market.

This famous City view, with the Lloyd's Old Building on the left and New Building opposite, the two linked by the bridge across Lime Street, might not look the same by the mid-1980s. With two working parties examining the space problems of the underwriters, Lloyd's now admits it is looking at the possibility of redeveloping the Old Building. Last year's idea of opening up the disused underwriting room in the Old Building—the non-marine side is the one at present overflowing—has been dropped. The annual report of the Corporation of Lloyd's talks of linking the "major redevelopment," if possible, present underwriting room in the Building. That indicates that across Lime Street with more bridge is being considered. A moment it is still a one-way traffic though used more like a pedestrian precinct, but any attempt to build it would be a big planning issue. buildings are in its balance-sheet of £14.2m., with another £2m. spent year on the new Chatham offices. City freehold site is around three

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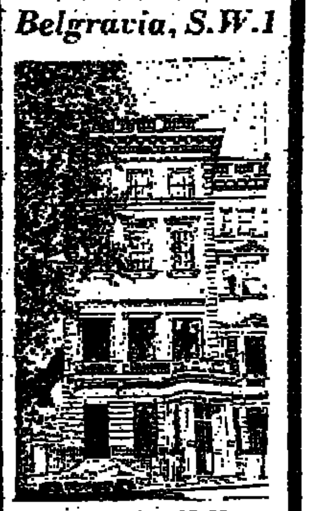

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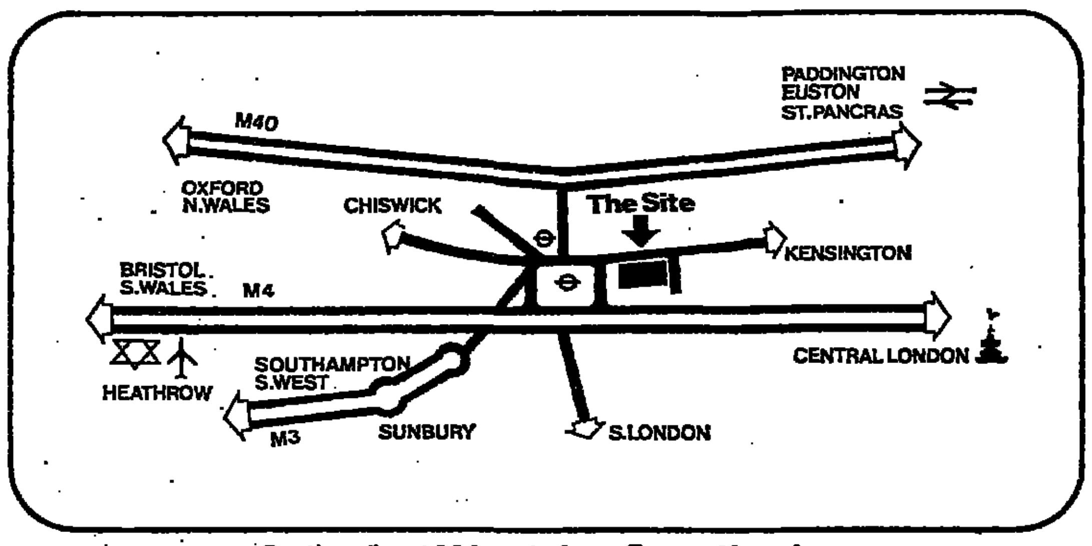

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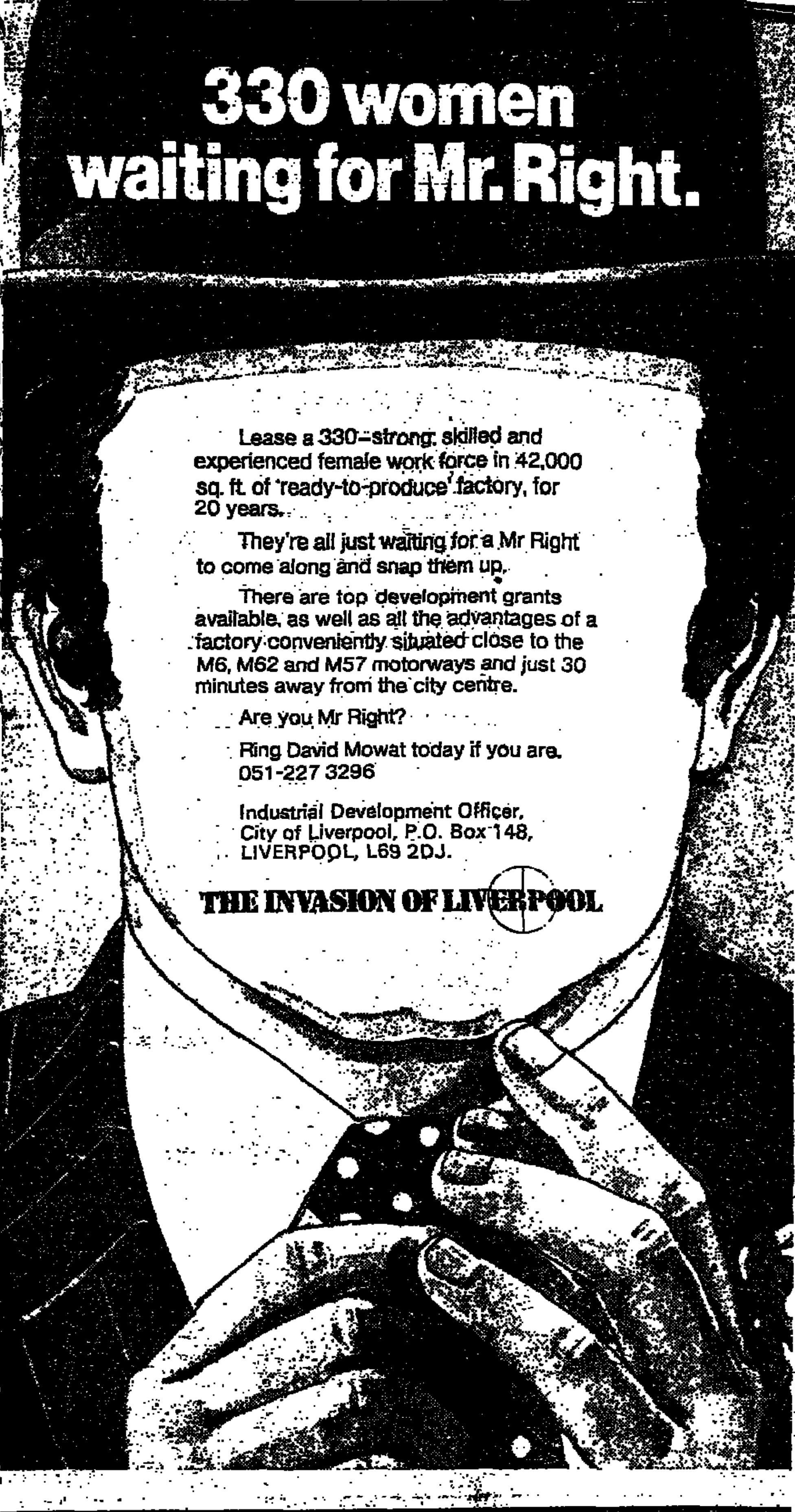

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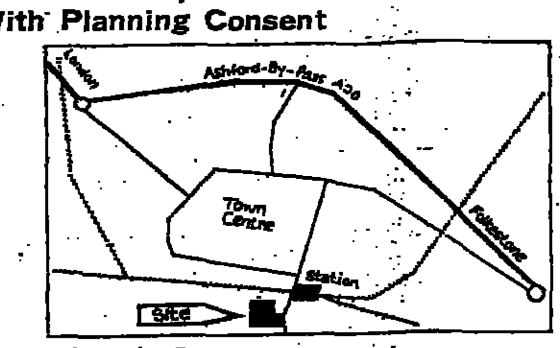

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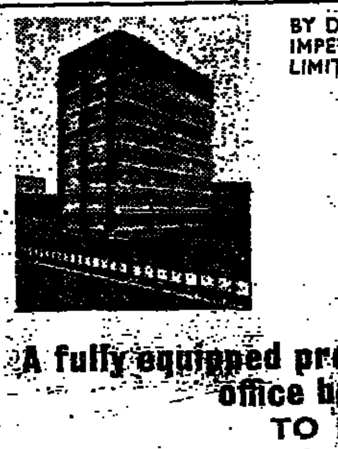

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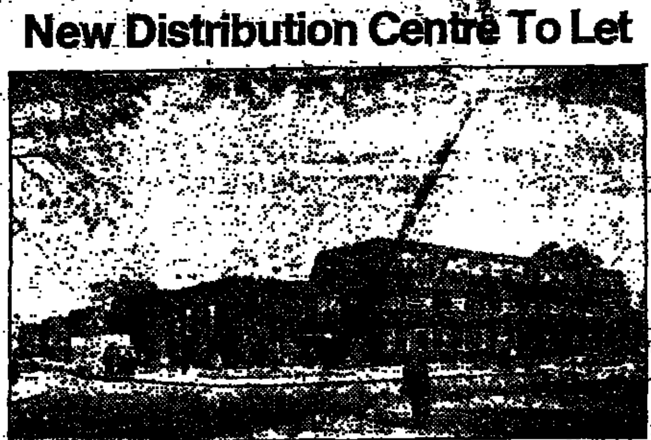

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WALL STREET + OVERSEAS MARKETS

Mixed trend in cautious trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 23.

A MIXED trend prevailed on Wall Street to-day, when investors weer cautious while awaiting release of the weekly Federal Reserve figures.

The Dow Jones Industrial Average finished 0.94 off at 925.37 but the NYSE All-Common Index gained 12 cents to $55.11, while rises led falls by 832-to-506. Trading volume further decreased 740,000 shares to 24.33m.

Investors also continued to be cautious about interest rates.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Carrier	319,600	18	−¼
Sony	315,400	9¼	+¼
K-Mart	290,100	28⅜	−1½
Avis	221,300	21½	—
Coastal States Gas	197,600	22¼	+1¼
Tandy	132,500	27⅛	−¼
Phillips Petroleum	131,300	31⅞	+⅛
U.S. Steel	174,500	40¼	−⅜
Exxon	166,300	52	−1
British Petroleum	163,400	15⅝	—

Rates had risen in the Spring as the Federal Reserve, reacting to a spurt in the Money Supply, tightened credit policy in its fight to control inflation. The Basic Supply rose by $1bn. last week and investors were awaiting the latest report to see whether the Fed might be under pressure to tighten policy further.

After the NYSE closed, the Fed reported that the Basic Money Supply fell by $700m. while the broader M2 supply fell $700m. also.

General Foods were active but down $2 to $32¾ — it withdrew its earlier forecast of record June quarter net earnings and said it now appears the quarter will not exceed the year-earlier record earnings.

K-Mart were also active and down $1½ at $28⅜.

Kaiser Cement and Gypsum moved ahead $1⅛ to $12½ on a quarterly dividend of 16 (12½) cents plus its forecast record first half net earnings.

THE AMERICAN SE closed sharply higher in active trading, with the Market Value Index up 1.01 to 119.23. Advances led declines by a solid 332 to 225, while the trading volume expanded 850,000 shares to 3.71m.

OTHER MARKETS

Canada irregular

Canadian Stock Markets also were irregular in moderately active trading yesterday.

The Oil and Gas Index moved up 11.9 to 1185.5, Banks rose 1.86 to 239.35 and Papers firmed 0.59 to 98.69, but Golds gave way 7.0 to 943.6. Metals and Minerals shed 2.6 to 1068.0 and Utilities eased 0.37 to 159.86.

M. Loeb gained 10 cents to $4.45 — Provigo, up $¼ at $10, said it acquired 23.5 per cent. of Loeb and intends a $5 a share offer for the remainder.

PARIS—Sharply higher at the start of the new Account. Factors helping the market included Prime Minister Raymond Barre's declaration that the May Retail Price Index will be below April's 1.3 per cent., and the maintenance of Call Money below 9 per cent.

Textiles were the only sector to fall, depressed by EEC condemnation of France's recently announced Textile Import Controls.

Americans and International Oils were mixed, Canadians advanced, while Germans weakened.

Coppers and Golds gained ground.

BRUSSELS — Mostly higher after lively trading, with activity spurred by the half-point cut in the Belgian Central Bank's key lending rates.

Steels improved, Utilities advanced, most Chemicals gained ground. Oils advanced modestly and Holdings were firm.

Non-Ferrous Metals finished mixed.

Gains also predominated among Internationals, except for U.S. stocks which closed mostly lower.

South African Golds were higher, French stocks were very firm. German shares finished generally steady but Dutch stocks eased a little.

AMSTERDAM—Market eased in dull conditions, with Foreign and Domestic investors holding back due to uncertainty over future economic policies.

Insurances, however, resisted the downward trend. Ennia and Amfas rose Fls.1 and Fls.0.20 respectively.

Banks, Transportations and Dutch Industrials were mostly lower. Heineken Beer were down Fls.1.90 to 115.2, Bols Distilleries Fls.1.5 to 61.50, Buehrmann-Tetterode Paper Products Fls.1.4 to 73 and KSH Farina Products and Foodstuffs Fls.1.1 to 19.50. Van der Giessen-De Noord Shipbuilding dropped Fls.10 to 162.

Bonds lost an average of Fls.0.20 to Fls.0.30.

GERMANY — Shares closed little changed in quiet trading.

However, BASF dropped DM3.70 to 159.6 on news of disappointing business developments this year. AEG shed DM0.20 to 95.2 after the slower than expected turnover rise in the first five months.

Machine Makers were firm.

Public Loans were basically steady with rises or falls of up to DM0.20 in a few individual cases. The Regulating Authorities sold a nominal DM3.3m. of stock. Foreign Mark Loans were barely changed.

MILAN—Prices rose for the third consecutive session as demand prevailed in active trading.

SWITZERLAND — Markets drifted lower in generally light volume, with sentiment affected by the extraordinary general meeting of Schewizerische Kreditanstalt this Friday.

Banks eased, with Kreditanstalt declining on some selling pressure.

Small losses predominated among Financials, Insurances and leading Industrials.

In a moderately active Foreign sector, Dollar stocks were narrowly mixed, Dutch shares edged lower, while Germans were steady.

VIENNA—Quietly steady.

COPENHAGEN — Narrowly mixed in moderate dealings.

OSLO—Bankings were quiet, Insurances firmer, while Shippings and Industrials were slightly lower.

SPAIN—Selling continued following Wednesday's heavy falls, although the downward trend yesterday was more restrained.

HONG KONG—Slightly higher, with Blue Chips generally better and "second liners" quite firm, in fairly quiet trading.

Jardine Matheson rose 10 cents to $HK15.10, Hutchison gained 2½ cents to 3.375 and Swire Pacific put on 5 cents to 6.90.

TOKYO—Higher, after falling in early trading, as major Investment Trusts placed buying orders towards the close. Volume 180m. (140m.) shares.

Interest revived in Motors, Electricals and other Blue Chips towards the close. Sony finished Y30 down at Y2,460, after falling to Y2,430.

Toyota Motor added Y20 at Y1,080, Nissan Motor Y17 at Y740, Victor of Japan Y9 at Y1,000, and Fuji Photo Film Y11 at Y883.

Pharmaceuticals also higher, with Chugai Pharmaceutical up Y24 at Y736.

Shippings were in demand but Steel Mills, Communications and Electric Powers eased on profit-taking and liquidations.

JOHANNESBURG—Gold shares were steady, with the black student disturbances having little effect upon the market.

Financial Minings retreated.

De Beers featured on strong U.S. buying, and traded 22 cents up at R432.

AUSTRALIA—Markets rose on bargain hunting, with BHP gaining 6 cents to $A6.44.

Uraniums were firm, with Pancontinental up 10 cents to $A10.80.

Peko-Wallsend added 6 cents at $A5.80 and Woodside-Burmah 1 cent at 84 cents.

Bank of NSW improved 6 cents to $A5.20.

Indices

N.Y.S.E. ALL COMMON

June 23	June 22	June 21	June 20	1977 High	1977 Low
55.11	54.89	55.08	54.96	57.07 (4/1)	52.56 (31/5)

Rises and Falls

	June 23
Issues Traded	1,892
Up	852
Down	506
Same	534
New Highs	123
New Lows	15

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—113⅛% (112⅝%).

FOREIGN EXCHANGES

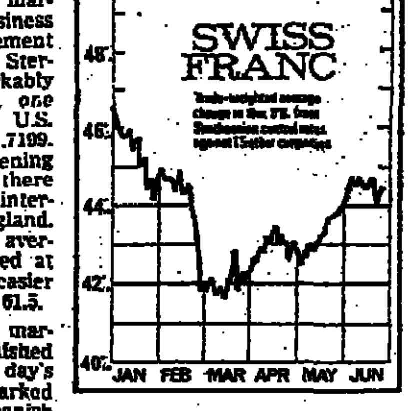
Market steady

The recent bout of comparitive inactivity showed no signs of ending in the foreign exchange market yesterday. What business there was caused little movement between major currencies. Sterling stretched its remarkably consistent run edging just one point easier against the U.S. dollar to close at $1.7196-1.7199. This was better than the opening level of $1.7191-1.7193 and there may have been some small intervention by the Bank of England. The pound's trade weighted average index finished unchanged at 61.6 after showing an easier tendency in the morning to 61.5.

With little influencing the market, the U.S. dollar finished around the centre of the day's spread but showed a more marked improvement against the Spanish peseta — suffering from devaluation rumours. The dollar's trade weighted average depreciation as *calculated* by Morgan Guaranty of New York, using noon rates, narrowed very slightly to 1.05 per cent. from 1.06 per cent. on Wednesday.

Recent comments on the possible effects of a large trading surplus checked any further advances by the Japanese yen and it finished at Y271.75 from Y271.70 in terms of the U.S. dollar. On a Morgan Guaranty basis the yen's average appreciation slipped to 13.69 per cent. against 13.75 per cent. previously.

There appeared to be some renewed interest in gold, and buying during the morning period underlined the one dollar improvement at the close to $140-140¼. *Although business seemed* to drift away during the afternoon, indications were of a slightly firmer tendency at the beginning of the New York market. The Krugerrand finished at $144¼-146¼ (£84-85). Its premium over the gold content was 3.47 per cent. from 3.32 per cent. domestically and 3.68 per cent. in international dealings.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	June 23	June 22
Sterling	0.675679	0.675742
U.S. dollars	1.16183	1.16187
Belgian franc	41.9246	41.9087
Deutschemark	2.73588	2.74771
French franc	5.73886	5.74022
Italian lira	1028.07	1028.14
Japanese yen	315.669	315.564
Dutch guilder	2.89586	2.89506
Swedish krone	5.15353	5.15347
Swiss franc	2.89760	2.90142

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington

EXCHANGE CROSS-RATES

U.S. $ in Montreal U.S. $ = 105.99-01 Canadian Cents

EURO-CURRENCY INTEREST RATES

Rates given for Argentina is free rate.

FARMING AND RAW MATERIALS

Japan wool spinning cuts plan

NAGOYA, JAPAN, June 23.

E JAPAN Wool Spinners' ociation has decided on a n to let 19 larger spinners untarily scrap 12-18 per cent. machines in operation this r in a bid to combat the sent market recession.

he 19 spinners now hold m. spindles in total, the ociation said.

he association said it had ided to extend by three nths the present three-month recession cartel, in force m April 21, in which a total 53 firms are reducing operas to 70 per cent. of last ember's level.

leanwhile at the Auckland l sale yesterday, New Zea- d Wool Marketing Corpora- bid on 82 per cent. of the l offerings and bought some per cent. In Sydney the stralian Wool Corporation k 10.5 per cent. of offerings the local auction, where es were fully firm with ling wools 2 per cent. dearer. ter

Talks planned on rice pact proposals

MANILA, June 23.

TURO TANCO, the Philippines Agriculture Secretary and World Food Council president, l consult major rice exporting and importing countries to find out if they want an international rice agreement, the World Food Council decided in full session here.

The Council agreed the study should be made after the U.S. and Thailand said they favoured the idea.

But the U.S. delegation at the conference said it was difficult to see how such an agreement could be organised because of the very low volume of exports in comparison with total world production and strong consumer preferences for particular rice varieties in particular countries. It is estimated that only about 4 per cent of total global rice production is traded internationally.

The conference was divided on whether rice should immediately be added to the list of commodities being discussed by the UN Conference on Trade and Development (Unctad) as candidates for an integrated commodities stabilisation scheme.

Japan in particular argued against its inclusion but Mexico said that as a major rice consumer it felt it was essential for Unctad to take up the issue.

Reuter

Ministry warns of dearer milk this autumn

BY OUR COMMODITIES STAFF

THE MINISTRY of Agriculture has issued an early warning that the retail price of milk is to go up in the autumn for the third time this year. The food trade also expects a rise in egg prices next week after a 5p-a-dozen increase at the wholesale level.

The price of "gold top" full cream milk produced by Channel Islands and South Devon cows will go up, possibly in September, by 1½p a pint. The cost of ordinary milk will rise at the same time, but by only 1p a pint.

Ordinary milk will then cost 12½p a pint and Channel Island milk 14½p. Since May last year "gold top" has cost 1½p more than ordinary, pasteurised milk and the new price will restore the former 2p a pint difference.

The move will increase the premium paid to producers of high-quality milk, probably by 3p a gallon.

This quality milk represents only 3 per cent. of total milk production.

The unusually long notice given of the price change comes after a promise by Mr. John Silkin, Agriculture Minister, when he spoke to farmers with South Devon, Jersey and Guernsey cattle at the Royal Bath and West Show earlier this month.

The autumn change will be the third rise in the price of milk this year. The price went up in January and again last month—by 1p a pint each time.

The milk marketing board anounced yesterday that milk consumption had fallen 11.7m. litres in May compared with the same month last year. This represents a drop of 2 per cent. and brings the aggregate fall since last October to 2.7 per cent.

In the same period the amount of milk going to manufacturing has increased 5.6 per cent.

However, retail sales of cream in May were 4.1m. litres up on a year ago.

Continuing cold weather has affected grass growth and the performance of the dairy herd. National milk production during May was down 5.9m. litres (0.5 per cent.)—compared with May last year.

Egg prices

The Goldenlay egg marketing group said yesterday that wholesale egg prices had risen by 5p a dozen across the board. However, it could not forecast what impact this would have on the retail market, as there was already a wide range of prices applying from region to region and shop to shop.

Goldenlay said aggressive retail promotion was partly responsible for the rise. This had wiped out the price cuts which came in anticipation of a severe build-up of supplies over the Jubilee holiday. The surplus had now been cleared, he said, thanks largely to the activities of large-scale retailers.

Producers, however, are still expected to be losing about 5p a dozen on sales. Falls totalling 10p a dozen since mid-March had taken most producers' losses to about 10p a dozen and this had encouraged increased hen-cullings. Resulting production cuts have not yet affected the market and producers are reluctant to forecast further price rises when it does.

Last summer's experience, when consumption was hit by exceptionally hot weather, is still leading egg producers to be cautious on market prospects.

Goldenlay would say only that prices are likely to remain steady for at least a fortnight. More distant prospects would depend largely on culling levels, weather and consumption.

● The British Poultry Federation has welcomed an announcement that the Ministry will be conducting an inquiry into the workings, structure and financing of the eggs authority.

Mr. Nevile Wallace, director-general of the federation, said that "the six years in which the eggs authority has been operating have failed as yet to provide the egg industry with what it needs so vitally.

"We still have no realistic answers as to the most cost-effective methods of advertising, nor have incentives and expertise to promote our products been made available."

French ask for wheat feed boost

LORIENT, June 23.

EEC CEREAL prices should be adjusted to allow soft wheat to compete more effectively with maize in the animal feeds market, according to the French Association of Wheat and Cereals Producers.

This would reduce the Community's dependence on maize, and encourage development of more wheat strains for animal feed which could then be exported.

M. Pierre Mehaignerie, Minister of Agriculture, told a cereals conference here that the difference between the threshold price and intervention price for barley and maize should be increased. But he added that too great an increase in the maize threshold price would only encourage imports of Manioc for animal feed.

Cultivation of wheat for animal consumption must be developed, he said.

And France must re-establish medium-term cereal contracts with non-EEC countries and attempt to increase both domestic and EEC stocks.

EEC aid to the agricultural industry was inadequate, he claimed, and should be directed more towards the cereals sector.

The EEC should grant European farmers protection against imported cereal substitutes, such as Manioc, comparable to that granted against cereal imports.

Reuter

HARVEST PROSPECTS

A war of nerves in the grain market

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

A FORTNIGHT ago my farm, in common with much of Southern England, received about three inches of rain. This, combined with the dull, damp weather which followed, stopping too much evaporation, has transformed the look of the cereal crops.

At the same time, however, it has spoilt quite a bit of hay which was already cut. Spring barley in particular looks very promising indeed now and, given a dry time from now on, yields should be good and certainly better than those of the last two years.

Wheat, too, is even thicker than when I went on holiday, but the varieties we grow now don't have a propensity to lodge or collapse so we can expect that they will stand up for the combine.

All crops are remarkably free of the diseases which have afflicted them in the last two years, and as yet there is no sign of the aphids which at this time last year were already showing on the wheat.

Apprehension

This freedom from disease, I understand, has proved embarrassing to some of the chemical companies which had been looking forward to making mammoth sales this summer. They have found that for once farmers don't need their services.

Harvesting last year was in my case finished by July 28. This year it is unlikely to begin by that date except for some winter barley which I wasn't growing last year. It could well run into September before all is safely gathered in.

Although little English grain is expected to be available before August, however, there is considerable speculation and apprehension as to what the level of prices is likely to be.

For the last two years the price on the home market has been governed by what the Home Grown Cereals Authority calls the effective threshold price of imported grain. This is based on those prices for the Community, adjusted by the compensatory amounts designed to even out trading between member States. This threshold price was important because the U.K. crop has been between 2m. and 3m. tonnes less than that of the record year 1974.

Weakening

This means that imports over this year are expected to represent 9.2m. tonnes as against 7.14m. in 1974-75. If the 1977 harvest approaches that of 1974, though, the importance of imports as a means of determining prices could well be much reduced.

Another factor in the equation is the increase in grain stocks in the world and the consequent *price fall in all countries outside* the EEC. This has meant that the cif prices for all grains are at or even just below the EEC's ETPs, which for June are £68 for wheat and £62.75 for barley.

The U.K. trade has been weakening for several months now. As an indication to-day's GAFTA futures price for wheat in January is down by £3 a tonne compared with February 22, and that for barley by £8. Futures are not ex-farm prices but they do indicate a trend which prospective purchasers of U.K. grain try to follow.

The merchants have started their usual war of nerves against farmers, pointing out that if the home crop is a good one—perhaps 3m. tonnes more than last year—it would be possible for such pressure to be put on the market that prices could fall quite dramatically towards intervention levels.

Storage

The intervention price for both wheat and barley is about £15 a tonne below the effective threshold prices. In addition, allowance has to be made to transport the grain to stores which have been leased by the Intervention Board.

On the other hand, most farmers can and do store their grain on the farm and are not forced to sell for lack of storage. Bank overdrafts are much cheaper and arable farming has lately been a more profitable side of the industry.

There should be no panic selling and farmers are quite capable of setting a price and sticking with it right through the year if need be. If they talk *prices at all now, they mention* £100 a tonne for wheat and £90 for barley in January — very much above the present futures market level.

On a wider canvas, harvest prospects both here and in the EEC are good. This, with the depressed state of world markets, could make for more pressure on the U.K. market and costly export subsidies for the Community's exports to third countries. It should be an interesting time.

Storm clouds over whaling talks

BY KENNETH RANDALL

CANBERRA, June 23.

THE 29th annual meeting of the International Whaling Commission seems to be building up to a stormy finish to-morrow. Most reports from the ostensibly private sessions indicate that there will be a conservationist majority in the final plenary session.

To-day, the commission set catch limits for the North Atlantic in the 1978 season at about the same levels as those approved in the present season. The quota for minke whales was set at 2,555, compared with this year's 2,158. For fin whales, the quota will be 459, against 455, while for sperm whales it will be unchanged at 685.

The commission has also adopted boundaries for most North Atlantic whale stocks — seven for fin, four for minke and one for sei whales. In addition, it has decided to extend its writ to cover all the medium-sized varieties of whales, principally the bottle-nose, beaked, pilot and killer whales. The bottle-nose whale has gone straight into the commission's protected category, principally affecting Denmark.

The big arguments of the meeting have resolved themselves to two issues: North Pacific quotas and the future of sperm whale hunting. Both will be decided at to-morrow's final plenary session.

The technical committee — which is virtually indistinguishable from the full plenary session except that its decisions are by simple majorities rather than three-quarters majority — had a long debate on the future of the sperm whale this afternoon which reached a general consensus on the need for a selective reassessment of stocks. The meeting could not agree on how to approach the task, however.

One proposal was that all sperm whale hunting should cease until the reassessment was complete. The Soviet Union and Japanese delegations came close to saying that they would simply not accept such a course.

It now seems more likely that there will be a special meeting of the commission's scientific committee, or possibly the full IWC, some time in the next year, with hunting continuing in the meantime under whatever quota levels are fixed to-morrow.

According to conservationists attending some sessions of the meeting as observers, the scientific committee will be recommending drastic cuts in the North Pacific sperm whale quotas down to "a matter of hundreds."

Official delegates do not expect the recommendation to be so severe as this, but do expect big cuts. They point out that for the southern hemisphere, the quota was cut by more than 50 per cent. last year, from 10,740 to 4,791. The northern hemisphere quota suffered a far smaller reduction.

Colombia coffee crop estimate downgraded

BOGOTA, June 23.

COLOMBIA'S COFFEE output in the 1976-77 season will be 8.5m. bags (60 kilos each) of which 6.5m. are earmarked for shipment abroad, according to an official of the National Coffee Growers Federation.

Jorge Cardenas Gutierrez, assistant manager of the Federation, said the U.S. Department of Agriculture output estimate of 8.8m. bags given last week was too high.

Coffee production in the 1975-76 season was 8.5m. bags, according to USDA estimates.

Shipments in the 1976 calendar year were 6.5m. bags (8.1m. in 1975).

Sr. Cardenas Gutierrez' estimate was in line with earlier unofficial estimates here that the recently ended harvest would be smaller than normal because of an extensive drought.

Reuter

World Food Council backs output target

MANILA, June 23.

THE WORLD Food Council, which is discussing international food needs here, has given full backing to a call for substantially increased aid to help developing countries raise food production by at least 4 per cent.

The council also said, however, that any increase in aid must be combined with internal investment by the countries themselves.

Mr. Eugene Whelan, Canadian Agriculture Minister, said his Government had no objections to a proposed international system of grain stockpiles provided it was fair and gave a fair return to producers.

The U.S. is suggesting that the stockpile scheme should include an internationally supervised system of reserves, nationally held or located in strategic places around the world, to ensure stable prices and supply.

Canada believed that the burden of solving the problem of world food security should not be shouldered only by the grain producers, but be shared by all developed and newly rich countries, Mr. Whelan said.

Asked whether he included in this the Soviet Union, other Socialist countries and oil-producing States, he said "yes."

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[illegible]

G. Index Limited 01-351 3466. August Soya Beans 137-138

COFFEE

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

COCOA

[illegible]

JUTE

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

MEAT/VEGETABLES

[illegible]

PALM OIL

[illegible]

PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

U.S. Markets

NEW YORK, June 23.

[illegible]

FINANCIAL TIMES

June 23	June 22	Month ago	Year ago
247.20	245.30	258.04	234.04

(Base: July 1, 1952=100)

REUTER'S

June 23	June 22	Month ago	Year ago
1569.2	1593.6	1684.8	1522.1

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	June 23	June 22	Month ago	Year ago
Spot	394.15	390.81	408.82	376.31
Futures	373.22	367.01	394.81	353.26

(Average 1924-25-26=100)

MOODY'S

Moody's	June 23	June 22	Month ago	Year ago
Spie Commdty	874.6	874.8	938.9	887.5

(December 31, 1931=100)

FURTHER CUT IN BISMUTH PRICE

A hefty cut in the price of bismuth — from $7.50 to $5.00 a lb. — was announced in London yesterday by Mining and Chemical Products. This follows a similar reduction by Asarco earlier this week.

The reduction reflects a decline in the free market where bismuth values have already fallen to below $4.20 a lb.

STOCK EXCHANGE REPORT

Equities down but above worst in sympathy with Gilts

Share index 1.8 off at 444.9 after 442.9—Fewer features

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 13	Jun. 23	Jun. 24	July 5
Jun. 27	July 7	July 8	July 19
July 11	July 21	July 22	Aug. 2

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Special situations and stocks in the news again attracted the bulk of the small business transacted yesterday in stock markets. Genuine trade was limited and prices for the most part fluctuated narrowly at levels slightly below the previous close. British Funds, however, picked up from earlier dullness to end unchanged to a shade better on balance with sentiment helped by reports of Mr. Healey's continued confidence about reaching a satisfactory agreement with the unions on Phase Three. Short-dated securities shed ⅛ before ending with net gains of 1/16 to ⅛, while the longer maturities closed unaltered to ⅛ up after having been ⅛ down. The Government Securities index, at 67.95, eased 0.03 after the previous two-day rally of 0.28.

Leading shares generally drifted a shade lower in the absence of any follow-through to Wednesday's tentative rally; the undertone stayed sound enough despite some nervous talk about yesterday's further angry incidents at the Grunwick factory. There was little evidence of any new-time demand for the Account which starts next Monday and a slight hardening of prices towards the close owed more to the late improvement in the Funds than to genuine support. The FT Industrial Ordinary share index, 3.8 down at 11 a.m., was finally 1.8 off at 444.9. Net changes in the constituents only rarely exceeded a couple of pence, although P & O Deferred became unsettled and shed 5 to 151p. Overall, falls in FT-quoted equities outnumbered gains by 2-to-1 — a reversal of the previous day's 5-to-3 in favour of rises — but the FT-Actuaries All-share index measured the fall as a mere 0.1 per cent. at 185.09. Official markings of 4,142 slightly exceeded last Monday's total of 4,020 which was the lowest this year.

Gilts finally harder

A difference of opinion between jobbers over the initial trend in British Funds was eventually resolved and the market closed with a sound undertone. The early discrepancy in quotations arose when a main dealer opened some ¼ lower for mediums and longs because stock had been on offer late the previous evening. Shorter issues also began easier, usually by ⅛, but prices soon came into line following cheap buying of all stocks with the nearest issues furthering the movement in the late unofficial business. Final gains were usually limited to ⅛ but Treasury 10½ per cent., 1979, which have lagged behind recently, made an advance of 3/16 to 100⅛. Several longer maturities, too, managed improvement of ⅛ in the end but there were rare losses of that amount.

Among recently issued Fixed Interest stocks, East Surrey Water made an uninspiring debut, opening and closing at par in £10-paid form.

Late covering together with revived institutional demand caught the investment currency market unawares and the premium, which had initially eased to 111⅛ per cent. on arbitrage offerings, rallied to close a net 1⅛ higher at 113⅜ per cent. Yesterday's SE conversion factor was 0.7124 (0.7106).

Gillett Bros. good

Early news of the proposed dividend boosting rights issue brought a gain of 10 to 195p in Gillett Bros. Other Discounts also tended to harden and Allen Harvey and Ross rose a like amount to 430p in a thin market. Cater Ryder hardened 5 to 255p. Home Banks closed without alteration after a small trade.

Movements of any consequence in Insurance were confined to the broker sector and were usually slightly lower.

Mansfield, up 8 at 123p on the preliminary figures, provided the only movement worthy of note in Breweries.

Slightly more interest was shown in Buildings. Still on hopes that National Chemical Industries may soon announce increased bid terms, Concrete edged forward a penny more to 112p. Ahead of their respective interim announcements, due next Tuesday and Wednesday, SGB hardened 2 to 96p, while Blundell-Permoglaze gained 1½ to 51p; the former announced yesterday that it had sold its 19.28 per cent. stake in L. Lipton to Lex Service. H. and R. Johnson-Richards Tiles improved 4 to 203p and Jennings picked up a similar amount to 39p. Westbrick Products, on the other hand, shed 3 to 31p on the lower profits. Dealings in Kenkast, 10p, were suspended at the company's request; a receiver has been appointed.

After drifting back to 391p, ICI rallied in the later stages to finish unchanged on the day at 395p. Elsewhere in Chemicals, Laporte declined 2 more to 100p on further consideration of the disappointing results but W. W. Ball edged forward 3 to 75p; the interim figures are due on July 4. Anglia TV "A" at 64p, and ATV "A" at 85p, both closed a penny easier after their respective trading statements.

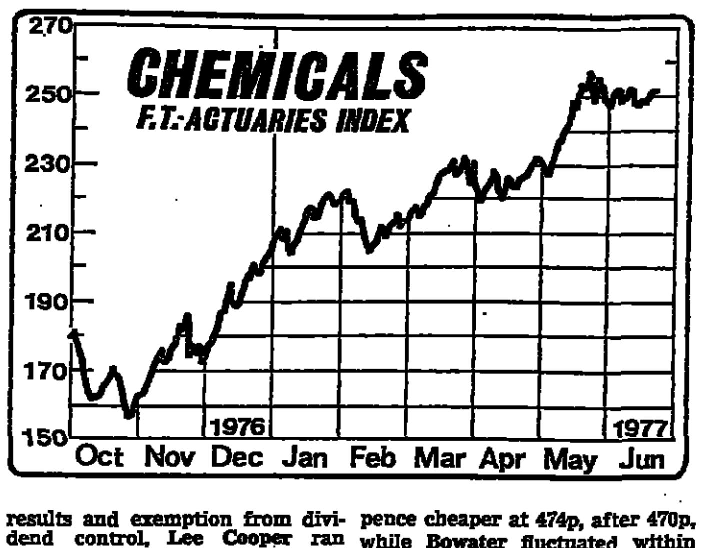
Racal improve

Minor losses appeared against several Electrical leaders including Plessey, 81p, GEC, 185p, and EMI, 218p. Racal Electronics responded to the results with a gain of 6 at 380p, but Petbow failed to benefit from its preliminary figures and lost 2 to 135p. L. Scott met with sustained demand and put on 3 to 104p, while continuing bid hopes left AB Electronic a penny higher at 111p. Still reflecting the better-than-expected results, MK Electric improved afresh to 167p before settling at 165p for a net rise of 2.

Mothercare were an isolated firm feature in Stores and improved 4 to 272p following the chairman's bullish remarks at the annual meeting. House of Fraser, on the other hand, lost that much to 117p as bid hopes faded. A firm market last week on the results and exemption from dividend control, Lee Cooper ran back 9 to 95p.

John Brown met with early profit-taking in front of to-day's preliminary results and slipped to 211p before reverting to the overnight level of 215p. Other Engineering majors had little to offer with Hawker closing 2 to the good at 634p and GKN a penny lower at 339p. Elsewhere, British Steam Specialities rose 8 to 77p, after 80p, on the results and proposed scrip-issue, while Spirax-Sarco remained in demand at 259p, up 5. Sheepbridge were unimpressed by the results and shaded 1½ to 52½p, while Davy International, at 217p, gave up 4 of the previous day's improvement of 6; the results are expected next month.

Little trade was seen in leading Foods, which closed with hardly any alteration. Tate and Lyle ended unchanged at 212p after having been a couple of pence better at the opening. Pork Farms improved 3 to 123p in response to the chairman's encouraging remarks about current earnings at yesterday's annual meeting. Alpine Soft Drinks hardened another 2 to 108p, while J. Lyons, at 87p, gained a penny more following Wednesday's rise of 5 in anticipation of a maintained dividend rate when the company reports annual results next Wednesday. Among Supermarkets, Tesco, at 35½p, held the previous day's advance of 1½ that followed a near 35 per cent. rise in pre-tax profits. Bishop's Stores, 168p for the Ordinary and 82p for the A, held steady despite the chairman's reference to a slow recovery in consumer spending in his annual review.



L. Lipton jump

Another slow trade in the miscellaneous industrial leaders left quotations little altered at the close. Beecham ended a few pence cheaper at 474p, after 470p, while Bowater fluctuated within fairly narrow limits before finally reverting to the overnight level of 176p. L. Lipton advanced to 95p before settling at 92p, up 14 on balance, following news that Lex Service had acquired a stake of just over 19 per cent. and that discussions were taking place with the company which may lead to an offer. Lex Service were unaltered at 56½p. MK Refrigeration encountered profit-taking and dropped 5 to 175p following the previous day's jump of 52 on the agreed offer worth 180p cash per share from Charter Consolidated. Bid hopes prompted a rise of 7 to 52p in Gomme Holdings, while Durapipe continued to reflect satisfaction with the results and put on 6 more to 61p. Interest revived in Gallenkamp, 330p, up 10, awaiting news of the bid discussions with Fisons. J. W. Spear improved 5 to 168p on the preliminary results and Russell Bros. (Paddington) firmed 4 to 92p for a similar reason. Mono Containers improved 2 to 23p on news that the bid discussions, announced late in April, are continuing. Kode gained 3 to 94p in response to the proposed one-for-three rights issue and dividend forecast while Lamson Industries 8 per cent. Preference were quoted 3 higher at 52½p nominal following the announcement that Moore Corporation may make a revised offer for the Preference capital.

A small feature among Motors was a rise of 8 to 162p in Mann and Overton, this being in sympathy with a gain of 4 to 99p in bidders Lloyds and Scottish. Elsewhere, the leaders gave ground with Dunlop losing 2 to 109p and Lucas a penny to 294p, after 292p. Secondary issues had dull spots in Binemel Bros., 3 lower at 44p, while J. Woodhead were adjusted lower by 5 to 149p in a thin market. Wilmot-Breeden rallied in the late trade to close marginally better at 78p, after 76p. Among Garages, Lookers improved 1½ to 41p in response to the substantial first-half profit recovery, while buyers were in the market for Western Motors, up 2 at 42p. Adams Gibbon, however, lacked support at 60p, down 4.

Still reflecting the alternatives, which could lead to an offer for the company, Beaverbrook A pushed forward to equal the 1977 peak of 60p before closing a net 4 higher at 56½p for a gain on the week so far of 12½. Rumours that Trafalgar House could be the unnamed party upset TH which fell to 113p before a close of 114p, down 6 on balance. In Paper/Printings, Dolan Packaging, at 175p, lost half of the previous day's late spurt of 14 which reflected the possibility of Canadian Overseas Packaging Industries making a counter bid to the 168p per share offer already on the table from a Swedish concern.

Shell better

Quiet conditions persisted in Oils. Nevertheless, Shell, up 4 at 552p, encountered scattered demand following the long-awaited confirmation of the new oil field in the North Sea.

Properties were featureless. The leaders tended a shade easier where changed with Land Securities shedding a penny to 194p ahead of Monday's results. Lynton, however, remained firm at 91p, up 1 more.

Overseas Traders displayed an easier bias. Harrisons and Crosfield lost 13 to 512p and Steel Bros. were 5 lower at 265p.

Trusts were basically easier, although falls rarely exceeded a few pence. Northern Securities were 2 easier at 81p despite news of slightly increased revenue.

Shippings tended mixed. P. & O. Deferred became unsettled on adverse whispers about the company's North Sea interests and the price eased 5 to 151p. Lyle shed 3 to 127p, while Manchester Liners were adjusted lower by 27 to 233p in a nominal market.

Hunting Gibson continued to recover from the recent lean spell and gained 6 more to 266p.

Courtaulds ended a penny dearer at 130p in Textiles, but Dawson International were on offer at 8p, down 3, along with Parkland A, which lost 2 to 53p. On the other hand, John Bright hardened the turn to 38p following the annual statement.

Among Tobaccos, news of the American deal failed to stimulate Bat's issues, the Ordinary and Deferred closing unaltered at 262p and 222p respectively.

In Plantations, Pavbeck, 82p, gave up 3 of the previous day's late rise of 8 which followed the dividend and profits forecasts contained in the rejection of the Singlo bid; the latter edged forward 2½ to 17½p. Empire also ended 2½ to the good at 17½p.

De Beers gain ground

De Beers, which closed 10 higher at 259p, after 261p, were outstanding in an otherwise extremely quiet mining share market following talk of a possible rise in the price of rough diamonds which accompanied persistent buying from both the Cape and, in the afternoon, the U.S.

In contrast, South African Golds put on a poor performance despite the marginally firmer bullion price, which was finally $1 up at $140.375 per ounce.

Initially Golds were a shade harder but reports of outbreaks of civil unrest in Soweto prompted jobbers to mark down prices and caused some modest selling of shares. The Gold Mines index eased 0.3 to 109.8 reflecting falls of around 10 in issues such as Vaal Reefs, 990p, Western Deep, 674p and Harmony, 294p.

South African Financials drifted in idle trading with Anglo American 4 lower at 236p in front of news of the link with Newmont at the big Gamsberg zinc/lead find in the North West Cape.

London-registered Financials also suffered from lack of interest and were additionally affected by the downturn in the U.K. equity market.

Charter fell a penny to 108p on further consideration of the takeover bid for MK Refrigeration and in front of to-day's publication of the annual report and chairman's review.

The recent erratic movements of the copper price caused small selling of Messina, which closed 3 off at 145p, while in Tins, Saint Piran receded 4 to 52p on profit-taking in front of the results which are due to-day.

The slightly harder tone of overnight Sydney and Melbourne markets enabled Australians to register scattered gains. Conzinc Riotinto and EZ Industries were both 5 better at 290p and 275p respectively while Ocean Resources closed 2 higher at 28p.

FINANCIAL TIMES STOCK INDICES

—	June 23	June 22	June 21	June 20	June 17	June 16
Government Secs.	67.95	67.98	67.81	67.70	67.94	67.55
Fixed Interest	67.95	67.99	67.93	67.76	67.67	67.77
Industrial Ordinary	444.9	446.7	442.0	445.2	441.6	443.5
Gold Mines	109.8	110.1	112.4	109.7	109.4	111.4
Ord. Div. Yield	6.30	5.28	6.28	6.34	6.27	5.25
Earnings Y'ld% (full) (*)	15.99	15.93	16.03	15.92	16.14	16.10
P/E Ratio (net) (*†)	9.11	9.15	9.10	9.17	8.99	9.01
Dealings marked	4,142	4,347	4,498	4,020	4,053	4,919
Equity turnover £m.	—	39.96	53.05	44.71	44.07	53.21
Equity bargains total	—	10,737	14,378	11,503	10,647	12,584

10 a.m. 443.9. 11 a.m. 442.9. Noon 443.4. 1 p.m. 443.7. 2 p.m. 443.7. 3 p.m. 443.6.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=9.04.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	71.48 (18/5)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	71.19 (18/5)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	477.4 (18/5)	357.6 (12/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	137.4 (7/3)	95.1 (1/2)	442.3 (22/5/75)	43.5 (28/10/71)

S.E. ACTIVITY

—	June 23
—Daily	
Gilt-Edged	135.0
Industrials	138.6
Speculative	36.7
Totals	94.3
5-day Av'rage	
Gilt-Edged	138.6
Industrials	142.0
Speculative	35.5
Totals	95.9

NEW HIGHS AND LOWS FOR 19

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (38)

FOREIGN BONDS (1)
Iceland 6½pc '83-88
AMERICANS (1)
City Inv.
CANADIANS (1)
Hudson Bay Oil Gas
BUILDINGS (1)
Concrete
CHEMICALS (1)
Plysu
STORES (1)
Menzies (J.)
ELECTRICALS (3)
Automated Security, Racal Electronics
MK Electric
ENGINEERING (9)
British Steam, Lane (Percy)
CompAir, Spirax-Sarco
Hall (M.), Warne Wright
Hopkinsons, Wheway Watson
Laird Group
FOODS (2)
Alpine Soft Drinks, Pork Farms
INDUSTRIALS (12)
Camrex(?), McBride (Robert)
Coral Leisure, Marling Inds.
Durapipe, Norton &
Elbar Inds., Powell Du
Lep Group, Spear (J.
Lipton (L.), Sutcliffe S
MOTORS (1)
Clayton Dewandre
PAPER (1)
More O'Ferrall
PROPERTY (1)
County & District
SHOES (1)
Garnar Scotblair
TEXTILES (1)
Bright (John)
TEAS (1)
Empire Plantations

NEW LOWS (7

AMERICANS (1)
U.S. Steel
BANKS (1)
Hill Samuel Wts.
ENGINEERING (2)
British Northrop, Woodhous.
INDUSTRIALS (1)
Jardine Matheson
SHIPPING (1)
Lyle Shipping
TEXTILES (1)
Youghal

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 31	Jun. 20	Sep. 1	Sep. 13
Jun. 21	July 4	Sep. 15	Sep. 27
July 5	July 18	Sep. 29	Oct. 11

For rate indications, see end of Share Information Service.

Calls were transacted in Highland Distillers, Lonrho, Hirst and Mallinson, Lennons, Beaverbrook A, Capper Neill, Premier Oil, French Kier, Burmah Oil, Lloyds and Scottish, Savoy A, National Carbonising, United Scientific, Invergordon, UDT and Capital and Counties. Delta Metal were dealt in for the put, while double options were arranged in Keyser Ullmann, British Petroleum, Beaverbrook A, Hirst and Mallinson, De Vere, Burmah Oil, MK, Matthews Holdings and . A short-dated call and . option were traded in Petroleum.

RISES AND FA[LLS] YESTERDAY

	Up
British Funds	15
Corpns., Dom. and Foreign Bonds	11
Industrials	186
Financial and Prop.	48
Oils	3
Plantations	4
Mines	25
Recent Issues	9
Totals	301

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

COLISEUM. [illegible]

COVENT GARDEN. [illegible]

GLYNDEBOURNE FESTIVAL OPERA. [illegible]

ROUND HOUSE. [illegible]

SADLER'S WELLS THEATRE. [illegible]

THEATRES

ADELPHI THEATRE. [illegible]

ALBERY. [illegible]

ALDWYCH. [illegible]

AMBASSADORS. [illegible]

APOLLO. [illegible]

CAMBRIDGE. [illegible]

CHICHESTER. [illegible]

COMEDY. [illegible]

CRITERION. [illegible]

DRURY LANE. [illegible]

DUCHESS. [illegible]

DUKE OF YORK'S. [illegible]

FORTUNE. [illegible]

GARRICK. [illegible]

GLOBE. [illegible]

GREENWICH. [illegible]

HAYMARKET. [illegible]

HER MAJESTY'S. [illegible]

KING'S ROAD THEATRE. [illegible]

LYRIC THEATRE. [illegible]

MAY FAIR. [illegible]

MERMAID. [illegible]

NATIONAL THEATRE. [illegible]

OLD VIC. [illegible]

OPEN AIR, REGENT'S PARK. [illegible]

PALACE. [illegible]

PALLADIUM. [illegible]

PHOENIX. [illegible]

PICCADILLY. [illegible]

PRINCE EDWARD. [illegible]

PRINCE OF WALES. [illegible]

QUEEN'S. [illegible]

RAYMOND REVUEBAR. [illegible]

ROYALTY. [illegible]

SAVOY. [illegible]

SHAFTESBURY. [illegible]

SHAW. [illegible]

ST. MARTIN'S. [illegible]

STRAND. [illegible]

ST. GEORGE'S ELIZABETHAN THEATRE. [illegible]

TALK OF THE TOWN. [illegible]

ENTERTAINMENT GUIDE CONTINUED ON PAGE 27

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −	Div. P.m. Amount	Times covered	Gross Yield	P.E. Ratio
‡89	F.P.	—	98	89	Forward Tech. Inds 50p	91	−2	Ø5.7	1.1	11.5	12.2
‡	F.P.	—	92	89	London Weekend TV 'A'	90	—	6.09	2.6	11.4	5.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
Barclays Bank	£1	13	288	—	295	228
BATs Defd.	25p	11	222	—	260	204
ICI	£1	11	395	—	409	325
P & O Defd.	£1	11	151	−5	175	120
Shell Transport	25p	10	552	+4	554	452
Burmah Oil	£1	9	64	−1	82	41
Royal Insurance	25p	8	338	+8	366	280
Distillers	50p	7	158	+2	159	120
MK Electric	25p	7	165	+2	167	85
RTZ	25p	7	211	−2	247	173
Samuel Props.	25p	7	82	—	85	68
BICC	50p	6	108	—	125	85
Bowater	£1	6	176	—	211	170
BP	£1	6	898	+4	966	776
GEC	25p	6	185	−1	204	163

FT—ACTUARIES SHARE INDICE[S]

These indices are the joint compilation of the Financial Times, the Institute of Ac[tuaries] and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., June 23, 1977 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. June 22 Index No.	Tues. June 21 Index No.	Mon. June 20 Index No.	Fr[i]. Ju[ne] 17 Index No.
1	CAPITAL GOODS (176)	177.18	−0.3	18.35	6.00	7.97	177.64	175.85	176.72	175.
2	Building Materials (28)	149.08	−0.5	19.46	6.85	7.55	149.80	149.12	149.95	148.
3	Contracting, Construction (25)	246.67	+0.1	20.99	4.66	7.13	246.31	246.01	245.97	246.
4	Electricals (15)	343.05	−0.5	16.80	4.81	8.73	344.77	339.67	341.20	337
5	Engineering (Heavy) (10)	251.97	−0.9	21.22	5.27	6.37	254.35	249.58	249.69	249
6	Engineering (General) (67)	160.77	−0.1	17.95	6.53	8.20	160.87	159.75	160.30	159
7	Machine and Other Tools (8)	90.17	−0.2	22.48	7.07	6.80	90.37	90.07	90.07	88
8	Miscellaneous (21)	148.22	−0.1	17.61	6.92	8.02	148.33	144.22	147.03	147
11	CONSUMER GOODS (DURABLE) (53)	166.99	−0.5	17.16	5.11	8.67	167.85	166.40	166.87	166
12	Lt. Electronics, Radio TV (15)	187.99	−0.5	15.92	3.99	9.45	188.96	186.91	187.47	187
13	Household Goods (12)	160.77	+0.1	19.15	7.48	7.53	160.54	160.35	158.86	159
14	Motors and Distributors (25)	110.91	−0.7	18.42	6.10	8.03	111.66	110.83	111.44	110
21	CONSUMER GOODS (NON-DURABLE) (171)	164.72	—	16.88	6.38	8.62	164.74	164.15	164.06	164
22	Breweries (15)	174.11	+0.2	16.35	7.10	9.24	173.80	173.93	173.33	173
23	Wines and Spirits (6)	180.81	+1.2	14.19	6.41	10.86	178.68	181.33	183.17	184
24	Entertainment, Catering (15)	206.73	−0.1	16.00	7.56	9.53	206.87	205.45	206.64	206
25	Food Manufacturing (21)	172.82	—	22.36	5.84	6.57	172.88	172.33	173.01	173
26	Food Retailing (17)	166.77	+0.2	14.59	5.23	9.88	166.46	165.40	166.06	165
32	Newspapers, Publishing (15)	297.99	+0.3	10.00	3.94	15.22	297.18	293.49	292.84	292
33	Packaging and Paper (14)	119.29	−0.1	18.90	7.02	7.96	119.45	118.36	118.81	118
34	Stores (38)	142.41	−0.2	12.42	5.33	12.20	142.67	142.47	142.26	142
35	Textiles (24)	166.15	−0.6	19.83	7.62	6.90	167.12	165.25	165.55	164
36	Tobaccos (3)	208.48	—	21.84	8.61	6.08	208.57	207.09	204.02	204
37	Toys and Games (6)	99.27	+0.4	19.59	6.32	7.06	98.87	98.72	98.44	97
	OTHER GROUPS (97)									
41	Chemicals (17)	250.53	—	15.03	4.78	9.39	250.63	247.72	248.65	246
42	Office Equip. (6)	97.67	−0.3	17.42	5.84	8.01	98.01	97.24	97.30	96
43	Shipping (10)	490.21	−1.3	15.63	5.70	8.49	496.75	492.48	495.50	495
44	Miscellaneous (54)	170.98	−0.6	16.90	7.65	8.65	172.05	171.31	171.48	172
49	INDUSTRIAL GROUP (496)	177.10	−0.2	16.94	6.04	8.55	177.45	176.22	176.56	176
51	Oils (4)	498.93	+0.5	11.10	3.74	10.45	496.68	492.41	496.07	496
59	500 SHARE INDEX	202.97	−0.1	15.89	5.62	8.84	203.13	201.66	202.25	201
61	FINANCIAL GROUP (100)	136.52	−0.2	—	5.96	—	136.75	136.87	137.42	136
62	Banks (6)	152.93	−0.1	27.38	6.29	5.61	153.10	155.02	155.98	154
63	Discount Houses (10)	170.56	+1.2	—	9.06	—	168.60	168.60	168.74	168
64	Hire Purchase (5)	136.99	+1.8	6.88	5.23	29.75	134.52	132.57	131.72	130
65	Insurance (Life) (10)	105.77	—	—	7.65	—	105.77	105.88	105.51	105
66	Insurance (Composite) (7)	110.45	−0.1	—	6.83	—	110.54	109.85	111.21	110
67	Insurance Brokers (10)	286.31	−1.1	13.69	4.64	10.89	289.36	288.98	289.55	288
68	Merchant Banks (15)	66.18	—	—	6.39	—	66.20	66.48	66.73	66
69	Property (31)	190.48	−0.5	4.12	3.01	40.07	191.47	190.61	189.79	190
70	Miscellaneous (6)	89.08	+0.3	15.66	9.84	9.96	88.84	89.44	88.61	88
71	Investment Trusts (50)	165.06	−0.5	3.46	5.11	28.90	165.86	164.85	164.39	164
81	Mining Finance (4)	89.46	−0.6	17.61	6.07	6.83	89.98	91.01	89.29	87
91	Overseas Traders (18)	268.71	−0.5	17.17	6.75	8.10	269.94	270.31	271.19	270
99	ALL-SHARE INDEX (672)	185.09	−0.1	—	5.68	—	185.33	184.33	184.77	184

FIXED INTEREST PRICE INDICES

	British Government	Thur. June 23	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	106.68	+0.09	—	4.41
2	5-15 years	110.63	−0.01	—	5.81
3	Over 15 years	112.73	+0.03	—	6.55
4	Irredeemables	117.42	—	—	6.30
5	All stocks	109.91	+0.05	—	5.48

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Thur. June 23	We[d]. Jun[e] 22
1	Low Coupons	5 years	7.63	7.
2		15 years	11.34	11.
3		25 years	12.40	12.
4	Medium Coupons	5 years	10.17	10.
5		15 years	12.08	12.
6		25 years	12.79	12.
7	High Coupons	5 years	11.08	11.
8		15 years	13.26	13.
9		25 years	13.46	13.
10	Irredeemables		13.47	13.

		Thurs. June 23 Index No.	Thurs. June 23 Yield %	Wed. June 22	Tuesday June 21	Monday June 20	Friday June 17	Thurs. June 16	Wed. June 15	Tues. Ju[ne] 14
15	20-yr. Red. Deb. & Loans (15)	54.45	†15.61	55.00	*55.03	55.06	55.06	55.16	55.37	55.
16	Investment Trust Prefs. (15)	51.97	13.74	51.73	51.83	51.78	51.78	50.97	50.97	51.
17	Coml. and Indl. Prefs. (20)	69.42	13.35	69.87	*69.83	69.67	69.67	69.87	70.04	70.

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published [illegible]. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 22p. * Corrected.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

BASE LENDING RATES

A.B.N. Bank	8½%	■ Hill Samuel §	8½%
Allied Irish Banks Ltd.	8½%	C. Hoare & Co. †	8½%
American Express Bank	8½%	Julian S. Hodge	9½%
A P Bank Ltd.	8½%	Hongkong & Shanghai	8½%
Henry Ansbacher	9 %	Industrial Bk. of Scot.	8½%
Banco de Bilbao	8½%	Keyser Ullmann	8½%
Bank of Credit & Cmce.	8½%	Knowsley & Co. Ltd.	10 %
Bank of Cyprus	8½%	Lloyds Bank	8½%
Bank of N.S.W.	8½%	London & European	9½%
Banque du Rhone S.A.	9 %	London Mercantile	8½%
Barclays Bank	8½%	Midland Bank	8½%
Barnett Christie Ltd.	9½%	■ Samuel Montagu	8½%
Bremar Holdings Ltd.	9 %	■ Morgan Grenfell	8½%
Brit. Bank of Mid. East	8½%	National Westminster	8½%
Brown Shipley	8½%	Norwich General Trust	9 %
Canada Permanent AFI	8½%	P. S. Refson & Co.	8½%
Capitol C & C Fin. Ltd.	9 %	Rossminster Accept'cs	8½%
Cayzer Ltd.	9½%	Royal Bk. Canada Trust	8½%
Cedar Holdings	9 %	Schlesinger Limited	9 %
Charterhouse Japhet	8½%	E. S. Schwab	10½%
C. E. Coates	9½%	Security Trust Co. Ltd.	10 %
Consolidated Credits	8½%	Shenley Trust	11½%
Co-operative Bank *	8½%	Standard Chartered	8½%
Corinthian Securities	8½%	Trade Development Bk.	8½%
Credit Lyonnais	8½%	Twentieth Century Bk.	10 %
E. R. Dawes	10 %	United Bank of Kuwait	8½%
Duncan Lawrie ¶	8½%	Whiteaway Laidlaw	9 %
Eagil Trust	8½%	Williams & Glyn's	8½%
English Transcont.	9 %	Yorkshire Bank	8½%
First London Secs.	8½%		
First Nat. Fin. Corpn.	9½%		
First Nat. Secs. Ltd.	9½%		
Antony Gibbs	8½%		
Goode Durrant Trust	8½%		
Greyhound Guaranty	8½%		
Grindlays Bank ‡	8½%		
Guinness Mahon	8½%		
Hambros Bank	8½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 4%. 1-month deposits 4½%.

† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 5% and over £25,000 5½%.

‡ Call deposits over £1,000 4%.

§ Demand deposits 5½%.

¶ Rate also applies to Sterling Ind. Secs.

FOOD PRICE MOVEMENTS

	June 23 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	985	985	960
British A.1 per ton	975	975	955
Irish Special per ton	970	970	940
Ulster A.1 per ton¶	970	970	945
BUTTER (packets)			
NZ per 20 lbs	10.26-10.34	10.26-10.34	9.74- 8.92
English per cwt†	57.99	58.00	55.89
Danish salted per cwt†	61.15-62.61	60.15-62.61	58.65-60.51
CHEESE¶			
English cheddar rindless per tonne	1,051.50	1,051.13	1,051.13
NZ per tonne	1,051.13	1,051.50	1,004
EGGS*			
Home-prod. Standard	3.20- 3.70	2.60- 2.90	3.00- 3.30
Large	3.60- 4.00	3.45- 3.80	3.70- 3.90
	June 23 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scottish killed sides (ex-KKCF)	49.0—52.0	47.0—52.0	47.0—52.0
Eire forequarters	29.0—33.0	30.0—33.0	30.0—33.0
LAMB			
English	46.0—50.0	48.0—52.0	48.0—52.0
NZ PLs-PMs	42.0—43.0	41.0—43.0	42.0—43.0
MUTTON			
English ewes	—	—	—
PORK (all weights)	32.0—39.5	32.0—38.0	32.0—38.0
POULTRY			
Broiler chickens	30.8—34.0	34.0—40.0	34.0—40.0

* London Egg Exchange price per 120 eggs. † Delivered. ¶ For delivery June 25-July 2.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax.

CORAL INDEX: Close 444-449

INSURANCE BASE RATES

† Property Growth 9½%
Cannon Assurance .... 5 %
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
95¼	84⅞	Electric 3½pc '76-79	92½	.....	3.77	6.76
100	87¾	Treasury 9pc 1980‡‡	98⅛	+	9.17	9.78
100	88	Treasury 9½pc '80‡‡	98¾	+⅛	9.62	9.99
92¼	82	Treasury 3½pc '77-80	92¼	.....	3.79	6.40
94¼	83	Funding 5¼pc '78-80‡‡	93¼	-⅛	5.63	7.83
109	96	Exchequer 13pc 1980‡‡	106½	+⅛	12.21	10.65
105	92	Treasury 11½pc 1981‡‡	102¾xd	+⅛	11.19	10.55
89	77	Treasury 3½pc 1979-81	88¼	.....	3.97	7.22
101½	86	Treasury 9¾pc 1981‡‡	98	+	9.94	10.34
98¾	98	Treas. Variable '81	98	-	—	—
110	96¼	Exch. 12¾pc 1981‡‡	106	+	11.96	10.81
98¾	82	Treasury 8½pc '80-82‡‡	95¾xd	.....	8.88	9.67
87	71⅝	Treasury 3pc '82‡‡	84¾	.....	3.54	6.89
115	101⅝	Treasury 14pc '82‡‡	111	+	12.55	10.79

Five to Fifteen Years

1977 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
41	37⅞	Exch. 2¼pc '82 £40pd.	37⅞	.....	9.81	10.70
109⅞	95½	Treasury 12pc 1983‡‡	106⅜	.....	11.63	11.22
88⅝	72⅞	Funding 5½pc '82-84‡‡	81⅝xd	.....	6.71	9.23
96⅝	77⅞	Treasury 8½pc '84-86‡‡	88½xd	.....	9.56	10.43
80⅞	66¾	Funding 6½pc '85-87‡‡	76¾	.....	8.58	10.49
86⅞	68½	Treasury 7¾pc '85-88‡‡	79½xd	-⅛	9.69	11.00
62¼	49⅞	Transport 3pc '78-88	57⅛xd	.....	5.25	9.29
65⅛	53⅞	Treasury 5pc '86-89	61⅜	.....	8.28	10.91
112⅞	90	Treasury 13pc 1990‡‡	100¾xd	.....	12.87	12.84
82⅛	67⅛	Treasury 8¼pc '87-90‡‡	76	.....	10.88	11.97
15⅛	14	Treas. 11¾pc '91 £15pd	14⅝	.....	12.56	12.76
65⅛	53¾	Funding 5¾pc '87-91‡‡	61½	.....	9.60	11.67
108⅛	86¾	Treasury 12¾pc '92‡‡	96⅜xd	.....	13.09	13.16

Over Fifteen Years

1977 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
101⅛	94⅛	Exch. 12¼pc '92	95	.....	13.09	13.24
105	84½	Treasury 12½pc '93‡‡	94⅜xd	.....	13.10	13.25
62	51⅝	Funding 6pc 1993‡‡	58¼	+⅛	10.60	12.19
110¾	96	Treasury 13¾pc 1993‡‡	103½	.....	13.49	13.43
116½	99	Treasury 14½pc '94‡‡	111	+⅛	13.62	13.50
81⅛	66¼	Treasury 9pc '94‡‡	74¾	.....	12.19	12.77
41	32⅞	Gas 3pc '90-95	38⅝	.....	7.85	10.95
106¾	87	Treasury 12¾pc '95‡‡	97½	+⅛	13.27	13.30
79¾	66¾	Treasury 9pc '92-96‡‡	75⅝	.....	12.30	12.80
118⅝	101⅛	Treasury 15¼pc '96‡‡	112⅜	+⅛	13.84	13.71
109⅞	89¾	Exchequer 13¼pc '96‡‡	100⅜	.....	13.39	13.39
40¼	31¾	Redemption 3pc 1986-96	37½	.....	8.06	10.82
109¾	87	Treasury 13¼pc '97‡‡	98xd	.....	13.38	13.40
77½	64⅞	Treasury 8¾pc 1997‡‡	73¼	.....	12.41	12.87
61⅝	50¾	Treasury 6¾pc '95-98‡‡	57¼	.....	13.90	12.80
121	103⅝	Treas. 15½pc '98‡‡	115½	+⅛	13.86	13.74
83⅜	65⅞	Treasury 9½pc 1999‡‡	74½xd	-⅛	12.63	12.94
35¾	27⅞	Funding 3½pc '99-04	31⅞xd	.....	10.91	12.04
68⅜	57½	Treasury 8pc '02-06‡‡	64½	.....	12.75	12.93
48¼	40½	Treasury 5½pc '08-12‡‡	45½	.....	12.52	12.72
67⅞	53¼	Treasury 7¾pc '12-15‡‡	60xd	.....	12.77	12.85

Undated

1977 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
33¾	26⅝	Consols 4pc	31⅛	.....	13.41	—
31½	25⅝	War Loan 3½pc‡‡	28⅝	.....	12.32	—
32¼	26¾	Conv. 3½pc '61 Aft.	31	.....	11.59	—
24¼	20½	Treasury 3pc 66 Aft.	23	.....	13.42	—
21	17¼	Consols 2½pc	19¼xd	.....	12.93	—
20⅜	17⅛	Treasury 2½pc	19¼	.....	13.38	—

**INTERNATIONAL BANK

1977 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
81	75½	5pc Stock '77-82	80½	.....	6.35	10.42

**CORPORATION LOANS

1977 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
93½	82	Birm'ham 9¼pc '79-81	90¼	.....	10.25	12.32
87⅞	81½	Bristol 7¾pc '79-81	85	+¼	9.12	12.26
106¼	93	G.L.C. 12½pc '82	99½	.....	12.56	12.61
105½	96	Do. 12½pc 1983	101½	.....	12.88	13.22
93½	85½	Glasgow 9¼ '80-82	90	.....	10.38	12.07
88¼	76¼	Herts. 5½pc '78-80	84⅞xd	.....	6.21	11.65
94½	90½	Liverpool 5¾pc '76-78	93¼	.....	6.16	11.52
94½	79½	Do. 9¼pc '80-84	88½	.....	11.14	12.49
26	22¾	Do. 3½pc Irred.	23½xd	.....	15.11	—
96	89	Lon. Corp. 6½pc '75-78	95¼	.....	6.82	11.07
90	75	Do. 9¼pc '84-85	88½	.....	10.70	11.85
90¼	85½	L.C.C. 6pc '76-79	89	+¼	6.74	11.86
85	70½	Do. 5½pc '77-81	82¼	.....	6.69	10.82
76½	60½	Do. 5½pc '82-84	68xd	.....	8.04	12.33
68	52½	Do. 5½pc '85-87	60½xd	.....	9.11	12.58
67	51¾	Do. 6¾pc '88-90	59½xd	.....	11.28	13.31
22¾	20	Do. 3pc '20 Aft.	21	.....	14.65	—
88¾	76¾	Middx. 5¼pc 1980	84¼	.....	6.20	11.91
95	84¾	Newcastle 9¼pc '78-80	91¾	.....	10.08	12.39
103½	90¾	Warwick 12½% 1980	101½	.....	12.31	11.90

COMMONWEALTH & AFRICAN LOANS

1977 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
95⅞	88¾	**Aust. 5½pc '75-78	95	+¼	5.86	10.79
90¾	79⅛	**Do. 5½pc '77-80	87½xd	+⅛	6.30	11.41
81	69¾	**Do. 5½pc '81-82	79½	.....	7.03	11.53
93¾	86½	**N.Z. 4pc 1976-78	92¾xd	+⅛	4.32	9.46
90	81½	**Do. 6pc '76-80	89¼	+⅛	6.86	11.58
79½	66	**Do. 7½pc '83-86	75xd	.....	10.02	12.17
90	85	Sth. Africa 9½pc '79-81	87	.....	11.09	13.96
50	31	Sth. Rhod. 2½pc '65-70	40	.....	—	—
68	47	Do. 6pc '78-81	58	.....	—	—

LOANS (Miscel.)

1977 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
56	44	Agric. Mt. 5pc '59-89	52½xd	+½	9.50	12.82
83	68½	Alcan 10½pc '89-94	77xd	.....	13.64	14.10
103¼	94	**FFI 13pc '81	100½	.....	12.93	12.80
107	98	Do. 14pc 1979	105½	.....	13.62	12.60
107	100¼	Do. 14pc 1983	101xd	.....	13.87	13.76
71	59½	ICFC 8½% Ln. '90-97	67½	.....	13.88	14.40
102½	89	Do. 9pc 1977	99xd	.....	9.09	11.00
26	22	**Met. Water 3pc 'B'	24	.....	13.00	14.36

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 40¼% (based on $US1.7196 per £)

Conversion factor 0.7124 (0.7108)

CANADIANS

S.E. List Premium 40¼% (based on $1.8222 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
64	36	Coronation 25c	46	......	Q5c	4.4	7.3
130	70	Falcon Rh.50c	115	−5	†Q35c	1.7	29.8
14	9	Rhod'n Corp. 16½p.	12	......	0.56	4.3	7.2
165	115	Roan Cons. K4	115	......	—	—	—
164	129	Tanganyika 50p	136	+3	Q11.0	ϕ	8.5
70	70	Do. Pref. 80p	70	......	Q9%	ϕ	10.3
35	27	Wankie Col. Rh1	33	......	Q7½c	1.5	22.2
27½	15½	Zam.Cpr.SBD0.24	16½	+½	—	—	—

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday June 24 1977

£8m. suit in London and Counties case

BY MICHAEL LAFFERTY, CITY STAFF

SEVERAL PARTNERS in Deloittes, the accounting firm, are being sued for a total of about £8m. by Mr. Richard Langdon, the liquidator of London and County Securities, the fringe bank which collapsed in December 1973.

The writ claims an unprecedented amount of damages for a professional negligence suit against an auditor and is likely to have a significant impact on the premiums which accounting firms pay for professional indemnity insurance.

The issue of the writ follows publication last year of one of the toughest and most outspoken Department of Trade inspectors' reports into the affair. The report contained several criticisms of London and County's auditors, Harmood Banner, a firm which has since merged with Deloittes.

It concluded, for example, that "the auditors should not have signed unqualified audit reports on the accounts of L and C or A and D (a subsidiary) at March 31, 1973."

"The main extent of inflation of the cash balances was known to the audit partner, Mr. Plummer, and it was so serious as to make the accounts misleading to a material extent."

The conclusions drawn by the inspectors' report have always been challenged by the auditors. Yesterday Mr. David Rae Smith, Deloittes' senior partner, said the liquidator's claim would be strongly contested.

According to the magazine Accountancy Age, the writ says: "In the premises as auditors of A and D and L and C, Harmood Banner were under a duty to the plaintiffs severally to exercise—and held themselves out to the plaintiffs as severally possessing—and knew or ought to have known that each of the plaintiffs expected and relied upon Harmood Banner to exercise that degree of skill, knowledge and care which is reasonably to be expected from competent auditors properly conducting the audit of the accounts at A and D and L and C respectively."

Major impact

The London and County report has already had a major impact on the accountancy profession.

It forced the accountancy bodies to set up an Auditing Practices Committee to work out codified minimum audit standards, played a major role in bringing about the Cross Committee of Inquiry into the profession's investigatory and disciplinary procedures, and led to the establishment of a special inquiry by the English and Scottish Institutes of Chartered Accountants into the allegations against the accountants.

A report on that inquiry it is expected will be submitted to the accountancy bodies in the next few weeks.

Uranium delays forcing U.K. to use reserves

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN HAS dug deep into its strategic stockpile of uranium as a result of the embargo on deliveries of Canadian uranium since late last year, and delays in commissioning the new Rio Tinto-Zinc Rossing mine in Namibia.

The U.K. is using about 5,000 tonnes of uranium a year to fuel about 5,000 MW of nuclear power.

A Government decision was taken in 1974—when uranium prices were much lower—not to expand reserves beyond two years' supply for the nuclear programme.

Uranium ordered from Rio Algom in Canada—2,500 tonnes a year — is being paid for by British Nuclear Fuels but stockpiled in Canada, awaiting that Government's approval for deliveries to its foreign customers to be resumed.

Canada is negotiating new terms with the EEC to take account of its heightened concern for the risks of nuclear proliferation.

Deliveries from Namibia, scheduled to start from the new Rossing mine early this year have been delayed at least until late this year.

Rossing, which is the largest uranium mine in the world with planned output of 5,000 tonnes a year, was due to reach full production last year. This has been re-scheduled to the middle of next year because of a miscalculation in the ore processing plant.

The processing plant was designed by Rio Tinto Zinc, which owns 45 per cent. of Rossing. Sir Mark Turner, RTZ's chairman, told shareholders recently that the $200m. project was expected to cost an additional $35m. up to this month.

Customers

It is understood that a further large injection of capital will be needed to bring the plant to full production. Design errors—for example, the choice of too coarse a grade of ore for processing, resulting in damage to pumps and other equipment—are being rectified piecemeal, and the plant re-commissioned in stages.

Rossing is expected to be in partial production again late this year. Britain is among its first customers. Its order, believed to be for 7,500 tonnes, was placed in the late 1960s.

Britain has one further recourse before it needs contemplate shutting reactors for lack of fuel. It has large reserves of "depleted" uranium—from which part of the fissile uranium 235 component has been extracted by enrichment to produce nuclear explosive.

More nuclear fuel could be produced by re-cycling this depleted uranium through an enrichment plant. But the cost is bound to be very high.

South Africa, the one major uranium supplier still prepared to sell freely—has offered uranium to Britain at attractive prices but has been rebuffed by officials in the belief that the Labour Government would rather see Britain's nuclear stations run short of fuel.

The British Government's policy is to cultivate the Australian Government, in the expectation that it will soon announce a resumption of deliveries under anti-proliferation terms acceptable to Britain.

West set to renew energy proposals

By Reginald Dale

PARIS, June 23.

THE WESTERN industrialised countries are to renew their proposals for establishing a new international framework for energy consultations, despite its firm rejection by developing countries in the closing stages of the North-South conference earlier this month. But the West seems to be prepared to leave a decent breathing space before returning to the attack.

At the end of the first day of a two-day meeting here, OECD Ministers to-night issued a statement re-affirming their readiness to pursue an overall "dialogue" with developing countries "in the United Nations system and other appropriate fora." They stressed their willingness "to encourage effective international co-operation and dialogue on energy."

Senior U.S. officials said Washington was considering its next move on energy consultations. It would be "premature" to raise suggestions again immediately, but "it would come up again," they said.

Mr. Donald Jamieson, the Canadian Secretary of State for External Affairs, told the meeting that the main Western demand at the Paris Conference would probably be raised at the UN General Assembly in September.

International energy problems could be reviewed either in a new UN institution, the World Bank, or through contacts between OPEC and the International Energy Agency.

In advance of to-morrow's economic and financial debate U.S. officials said Washington is hoping that at least 10bn. special drawing rights (just over $11bn.) can be raised to finance the proposed new IMF scheme to help countries in balance of payments difficulties.

Mr. Johannes Witteveen the Fund's managing director, originally called for a total of 15bn. SDRs, but the oil producing countries have been reluctant to contribute the full amounts asked of them.

Mr. Cyrus Vance the U.S. Secretary of State, indicated that Washington will reconsider its opposition to the planned OECD $25bn. "safety-net." North-South feature—Page 20

A police officer shouting orders yesterday as a young colleague lies on the ground bleeding heavily from a head wound after being hit on the head by a bottle outside the Grunwick film processing plant.

Continued from Page 1

Grunwick dispute

A special patrol group van was turning on to a main road away from the factory, when a large group of pickets began screaming at the police inside and banged their fists against the vehicle.

One policeman leapt out of the back, apparently to arrest someone in the crowd, and fighting broke out.

A bottle was hurled across the road, policemen's hats were tossed in the air, and eventually a special patrol group officer slumped into the road, blood oozing from a severe head wound caused by a bottle.

Police cordoned off the motionless figure, bringing traffic to a halt, as people poured out of shops and cafes to watch the fighting. PC Wilson was last night said to be "comfortable" in hospital.

After the incident, Mr. John Wall, APEX official and picket organiser, repeated pleas that things should not be thrown and pickets should act reasonably, but it was met with a considerable amount of abuse from some of the young people milling on the pavement.

Mr. Jack Dromey, secretary of the Brent Trades Council and one of the strike committee, said the committee disassociated itself "from provocateurs, no matter which side they come from."

There were further accusations, however, that "intimidation and provocation" by the police had worsened the dispute.

Mr. Mick McGahey, the Scottish Miners' leader, had come down to the factory with a miners' delegation.

There was considerable feeling among many of the miners picketing that more of their colleagues should be brought from South Wales, the North and Midlands, to reinforce the pickets.

After yesterday's violence, Mr. Grantham attended a meeting at Scotland Yard and announced a plan to issue authorised pickets with arm bands and limit their number to 500. He appealed to 1,000 Yorkshire miners, said to be making their way to Grunwick this morning, to keep away.

He hoped that those responsible for the attack on the police officer would be "apprehended and prosecuted with the full severity of the law."

THE LEX COLUMN

Projecting Racal's growth rate

Index fell 1.8 to 444.9

RACAL ELECTRONICS

Share Price relative to the FTA All-Share Index

1974 1975 1976 1977

Racal is heading for a further substantial increase in profits during the year to next March. Its figures for 1976-77 show a rise from £19.6m. to £32.7m. pre-tax, in line with forecasts, and the group now says that sales this year should be at least £300m. Allowing for the U.S. acquisition, Milgo, this implies organic sales growth of roughly two-fifths—and Racal expects to maintain its profit margins.

In product terms, one important development is a swing away from manpacks in favour of the installation of vehicle mounted equipment. This could now account for two-fifths or more of mobile equipment sales, compared with a very modest proportion until quite recently. Elsewhere, sales and profits from fixed radio communication systems have improved considerably, having pulled out of a lean phase.

Africa and the Middle East are becoming an increasingly important source of demand, taking well over a third of sales. In addition, the South American market—hitherto dominated by the U.S.—now seems to be opening up for the first time, and Racal is casting covetous eyes on the U.S. itself. In association with RCA, the group will be bidding for the so-called "Sincgars V" contract, which is intended to replace the entire population of VHF field radios in the U.S. Army. The preliminary adjudication on this programme could come at the end of this year.

Meanwhile, the balance sheet has been stretched by the Milgo deal, with loans a little higher than tangible net worth at around £40m. But this gearing could be unwound quickly: brokers Scott Goff Hancock in their latest study are forecasting after-tax profits of over £26m. this year.

One obvious area of uncertainty lies in Racal's ambitions to lead a "second force" within the U.K. professional electronics industry. The view is that such a group, which would include parts of Decca and Plessey, would have a much improved chance of competing successfully in international markets. The brokers believe that this is not going to lead to anything over the short term. Meanwhile, they argue that a prospective p/e of 8½ allows for further strength in the shares, currently standing at 380p.

Trafalgar Express

The fall in Trafalgar House shares yesterday was first attributed to the QE2 going down. The truth wasn't quite as bad—the ship is chugging gently across the Atlantic—but TH is thinking of bidding for Beaverbrook.

There is no questioning TH's muscle. With borrowings standing at £280m. after the Maritime Fruit acquisition, the group is starting a five-year run which the chairman sees as converting a highly geared group to one where gross assets of £500m. attract debt of only £50m. Will the cash flow generated in the meantime burn a hole in an adventurous management's pocket?

The Stock Market thought so yesterday. TH has done well enough before from odd-looking propositions like Cunard and the Maritime Fruit ships, but newspapers are stretching the point a bit.

Litigation

The £8m. claim by the liquidator of London and County against the auditors Harmood Banner for alleged negligence is likely to increase further the problems of accountants, architects and other types of professional firms in arranging adequate indemnity insurance cover. Spectacular cases in the U.S.—culminating in the $35m. settlement by Equity Funding's auditors—have alerted Lloyd's to the danger of increased litigation on this side of the Atlantic, and the composite insurers have mostly dropped out of the market.

Plenty of architects have been forced to abandon carrying insurance, the rising [illegible] being unmeasurable [illegible] depressed state of th[illegible] sion. In property, surv[illegible] still getting cover [illegible] pressure is on, and deci[illegible] thought to be immi[illegible] whether to bring n[illegible] cases against pr[illegible] advisers, some of them [illegible] ing British developn[illegible] Europe.

Among accountants t[illegible] U.K. settlement on [illegible] record was app[illegible] £500,000. Accountant[illegible] some protection in [illegible] from the inability of [illegible] shareholders to take ac[illegible] easily, without the fi[illegible] class actions as in the U[illegible] so, accountants fear [illegible] premiums and an incre[illegible] ment of compulsor[illegible] insurance.

ATV

Helped by the su[illegible] "The return of t[illegible] Panther" and such [illegible] characters as "Fozzie B[illegible] "Kermit the Frog"—[illegible] of the highly lucrative [illegible] Show," — Associated [illegible] sion's pre-tax profits ha[illegible] ahead strongly to £[illegible] 1976-77. Of the £4.5m. two-thirds came in the [illegible] months and a sharp dr[illegible] tax charge, due to [illegible] "realistic treatment" [illegible] ferred tax, means that [illegible] profits have actually [illegible]

ATV's film business [illegible] highly volatile in th[illegible] Having contributed £[illegible] 1974-75, films turned i[illegible] in 1975-76 and probabl[illegible] £2.5m. last year. T[illegible] venture with General [illegible] Corporation — owner [illegible] America's largest ciner[illegible] — now handles the bu[illegible] new productions in [illegible] around £70m. is curren[illegible] up. Since this is roughl[illegible] ATV's current market [illegible] sation, the attraction o[illegible] ing new films off the [illegible] sheet is obvious, and A[illegible] borrowings have fall[illegible] £24m. to under £10m. [illegible] past year.

On the TV contract[illegible] advertising, revenue h[illegible] remarkably resilient ar[illegible] first five months of 1[illegible] over a third higher. Its dividend fully resto[illegible] looks set for further g[illegible] the current year and a[illegible] shares yield a comfor[illegible] per cent.

BP share allotment scheme will be revealed on Monday

BY MARGARET REID

THE BANK of England hopes to announce at the week-end the number of applications made for the Government's record-breaking £564m. offer of British Petroleum shares. On Monday the Bank will reveal the basis for allotting shares to applicants which has been approved by the Government.

Applications close to-day. City estimates last night suggested that the offer, at 845p a share, might be over-subscribed three to five times. This would mean investors had put in for £2.8bn. worth of shares or possibly more, though they would only be paying up to £900m.—a little over a third of the price—with their applications.

Random

Even that would be the highest sum ever known for a share offer—justifying the description of the operation as the "sale of the century."

It is likely every effort will be made to avoid a ballot in settling the basis for allotment of the shares if the offer proves as popular as expected. This is the system of random selection sometimes used in cases of large over-subscription to settle which among the smaller applicants should receive shares.

Unless applications far outstrip anything expected it appears there is little chance of a ballot, which would have highly inconvenient results.

For one thing it would mean a delay of about a week to the start of dealings in renounceable letters of acceptance (RLAs) for the shares being allotted. This is planned for Monday at 3.30 p.m. Stock Exchange trading would not be allowed to begin until everybody knew what shares they were getting. If a ballot were held such dealings would be held up until the results were notified to successful applicants.

The Government has already said small investors will be attended to in the distribution of shares. This might mean that the preferential applicants—subunderwriters, occupational pension funds and BP employees—who between them have probably applied for 60 per cent. or £564m. of the issue, will not get their applications allotted in full.

About 25 per cent. of the offer is to be withdrawn for American investors under the terms of a deal with the five U.S. investment banking houses acting in the matter.

There were indications last night of very marked American interest.

City expectations were that the price of the sale in the U.S. would be near to the market price. Last night BP shares closed 2p up at 898p.

Minimum

Sir Jasper Hollom, Deputy Governor of the Bank of England, will be in New York on Monday when the terms of the U.S. sale are fixed.

To deal with applicants who have put in many applications for 25 shares each — the minimum allowed — in the hope of getting a generous total allotment, the big banks which are receiving applications are likely to amalgamate all applications in one name into a single total.

If a ballot for smaller applications is avoided several bases could be used for allotting shares to smaller applicants. One would be to give a common small allotment—say 25 shares—to all but the largest personal applicants, another would involve allotments on a sliding scale according to the size of the holding applied for.

Crédit Suisse chiefs face angry shareholders to-day

BY JOHN WICKS

ZURICH, June 23.

SHAREHOLDERS dissatisfied with the way in which the Board of Crédit Suisse has handled the Chiasso affair are expected to speak out at an extra-ordinary general meeting here to-morrow, called specifically to discuss the issue. No official figure has yet been put on the loss but some bankers believe it could range to upwards of £200m.

The Board's position will be represented by M. Oswald Aeppli, the chairman, who is to give a long statement. There will also be a statement by a spokesman for the special investigatory commission which the Board set up.

Opposition is expected to come from, among others, Dr. Juerg Meister, a Zürich lawyer, and Dr. Helga Hnidek, chairman of the discount store chain Denner Ag.

Dr. Meister intends to call for a second extraordinary general meeting in October. He had planned formally to express shareholders' dissatisfaction with the Board's behaviour in [illegible] affair, to move that business be restricted to classical banking transactions, and demand that those responsible help to offset losses incurred by Credit Suisse's Chiasso branch.

So far he has not been able to raise the necessary support from other shareholders.

Denner has not indicated whether Dr. Hnidek will oppose the Board, but this seems likely in view of Denner's earlier calls for Federal Banking Commission measures and for the meeting itself.

Though the positions of these speakers may be clarified to-morrow, the meeting is unlikely to yield any estimate of the total loss resulting to the bank from the Chiasso irregularities.

Audits for the bank and the Federal Banking Commission will probably take months to ascertain the asset values of Italian companies into which funds were invested by Texon-Finanzanstalt. Nor is it clear yet how much withholding tax the bank will have to pay the authorities.

Repercussions of the affair have spread far beyond the shareholders. The authorities have already taken steps to improve banking control mechanisms as a whole.

Three senior officers of the Chiasso branch were arrested in April on charges of falsification of documents and disloyal management, and similar charges were preferred in early May against three members of the Chiasso law firm, Maspoli Noseda.

The Swiss Federal Tax Administration has opened a fiscal prosecution of Credit Suisse and Texon-Finanzanstalt for backpayment of the estimated Sw.Frs. 220m. for withholding tax owed, while the National Bank is investigating contraventions of foreign exchange regulations.

The Chasso affair led directly to the five-year agreement between the National Bank and the Swiss Bankers' Association, in force since July 1, designed to improve identification of clients and funds, and to counter "aiding and abetting" by banks of fugative fund movements.

The Banking Commission is to be expanded.

Print men may join Darlington dispute

BY ALAN PIKE, LABOUR STAFF

PRINT unions are preparing to support the National Union of Journalists' closed shop strike at Darlington unless a peace initiative by Mr. Bill Keys, chairman of the TUC printing industries committee, is successful next week.

Mr. Keys and Mr. Ken Morgan, general secretary of the National Union of Journalists, will seek a meeting with Westminster Press management next week to see if a way can be found to resolve the dispute.

Print union leaders told the NUJ at a printing industries committee meeting yesterday that if this move failed they would support the Darlington action.

A further meeting of the committee will take place before the print unions become involved. Members of the National Graphical Association and the National Society of Operative Printers, Graphical and Media Personnel are employed at Darlington by North of England Newspapers, which is part of Westminster Press.

NUJ members at North of England Newspapers went on strike early this month over the employment of Mrs. Josephine Kirk Smith, a sub-editor and non-union member who has recently joined the rival Institute of Journalists, which is not affiliated to the TUC.

Last year NUJ members at Darlington declared a post-entry closed shop for newcomers to the staff.

North of England publications have continued to appear despite the strike although distribution of the group's morning paper, the Northern Echo, was severely disrupted by picket action last Saturday. The service from the Westminster Press London office is restricted as a result of an associated strike there.

Westminster Press and the Newspaper Society, the provincial publishers' organisation, have consistently indicated their opposition to a closed shop in journalism.

NUJ members at the Press Association national news agency have asked that copy sent by teleprinter should be marked as not for use at Darlington. They said this move had the support of NGA members in the PA federated-house chapel.

Mr. Morgan is likely to approach PA management to discuss this to-day.

Weather

U.K. TO-DAY

DRY WITH sunny periods in most areas.

London, S.E., Cent. E. and N.E. England, E. Anglia, Midlands, Dry, sunny periods developing. Wind S.W. light. Max. 25C (77F).

Channel Islands, S.W. England

Dry, sunny periods. Wind S., light. Max 19C (66F).

Wales, N.W. England, Isle of Man

Sunny periods, becoming cloudy. Wind S.W. light. 17C to 20C (63F to 68F).

Edinburgh & Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth

Sunny periods, becoming cloudy, with rain at times. Wind S.W. light. 17C to 19C (63F to 66F).

N. Scotland, Argyll

Cloudy, outbreaks of rain. Wind S.W. light. 13C to 15C (55F to 59F).

N. Ireland

Cloudy, rain at times. Wind S.W. light. Max 17C (63F).

Outlook: Changeable.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Alx'ndria	S	31	88	Luxembg.	S	21	70
Amstrdm.	S	17	63	Madrid	F	22	72
Athens	S	28	82	Manchstr.	S	18	64
Bahrain	S	35	95	Melbourne	C	9	48
Barcelona	F	21	70	Milan	F	24	75
Belfast	S	22	72	Montreal	C	19	66
Belgrade	F	21	70	Moscow	C	13	55
Berlin	F	23	73	Munich	S	20	68
Birmghm.	C	13	55	Newcastle	S	16	61
Bristol	C	13	55	New York	S	22	72
Brussels	F	18	64	Oslo	S	23	73
Budapest	S	25	77	Paris	S	21	70
B. Aires	C	8	46	Perth	C	16	61
Cairo	S	40	104	Prague	F	22	72
Cardiff	S	16	61	Reykjavik	C	11	52
Cologne	S	22	72	Rio de J'o	R	25	77
Copnhagn.	F	19	66	Rome	S	26	79
Dublin	S	20	68	Singapore	S	31	88
Edinburgh	S	13	55	Stockholm	F	18	64
Frankfurt	F	23	73	Strasbrg.	F	20	68
Geneva	S	19	66	Sydney	C	16	61
Glasgow	S	20	68	Tel Aviv	S	27	81
Helsinki	F	16	61	Tokyo	R	16	61
H. Kong	R	30	86	Toronto	S	21	70
Jo'burg	S	24	75	Vienna	S	23	73
Lisbon	S	23	73	Warsaw	F	16	61
London	S	16	61	Zurich	S	20	68

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	F	22	72	Jersey	C	15	59
Algiers	S	25	77	Las Plms.	C	22	72
Biarritz	C	18	64	Locarno	R	18	64
Blackpool	S	21	70	Luxor	S	42	108
Bordeaux	C	18	64	Majorca	F	23	73
Boulogne	C	16	61	Malaga	S	22	72
Casblnca.	S	20	68	Malta	S	25	77
Cape Tn.	S	12	54	Nairobi	R	20	68
Dubrovnik	S	22	72	Naples	S	23	73
Faro	F	19	66	Nice	F	23	73
Florence	F	24	75	Oporto	F	18	64
Funchal	F	22	72	Salzburg	S	22	72
Gibraltar	S	23	73	Tangier	S	21	70
Guernsey	C	13	55	Tenerife	C	17	63
Innsbruck	S	25	77	Tunis	F	26	79
Inverness	S	17	63	Valencia	S	22	72
Is. of Man	S	17	63	Venice	C	25	77
Istanbul	S	28	82				

S—Sunny, C—Cloudy, F—Fair, R—Rain.

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